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Rural Development Progress, January 1977-June 1979

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Fifth Report of The Secretary of Agriculture to The Congress

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United States
Department of
Agriculture
Washington, D.C. 20250

October 1979

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

To the President of the Senate and the Speaker of the House:

Transmitted herewith is the fifth report on rural development progress, pursuant to Title VI, Section 603(b), of the Rural Development Act of 1972.

This report summarizes current rural conditions and illustrates the Administration's rural development strategy from January 1977 through June 1979. The new initiatives discussed focus on targeting resources on the most critical rural problems and the most distressed population groups or areas. They reflect our commitment to making existing programs work better. And they illustrate our emphasis on coordinated actions among all levels of government and the private sector.

The report demonstrates increased attention to rural America on the part of the Executive Branch. We believe the Congress will find it useful and responsive to the requirement expressed in the Rural Development Act.

Sincerely,

BOB BERGLAND
Secretary

Enclosure

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

SUBJECT: Rural Development Progress Report

TO: Bob Bergland
Secretary

The attached report describes this Administration's approach to rural development. It discusses initiatives of the White House; the Department of Agriculture, with emphasis on the newly redirected Farmers Home Administration; and other Federal agencies that have a significant rural impact.

The second section of the report presents a brief summary on rural conditions. The data show that overall conditions in rural America are steadily improving but that persistent problems of disadvantage remain, especially for certain population groups and areas. Because we believe that Congress is looking primarily for a report on this Administration's approach to addressing the problems of rural America, we have not designed the report to provide indepth documentation of rural problems.

In the chapters on USDA, we give specific emphasis to the strategy we have been following for carrying out the leadership and coordination responsibilities mandated by Section 603 of the Rural Development Act. This strategy recognizes the burden placed on small rural governments trying to use numerous but uncoordinated Federal programs. This strategy also recognizes that some rural problems are more serious than others, some population groups suffer from them far more than others, and targeting on these problems or groups is a practical and moral approach to delivering always-limited resources. In addition, it is a strategy that says coordination is not limited to cooperation among similar Federal programs but should include mutually supportive efforts carried out by Federal, State, and local institutions working together.

We believe that the Federal initiatives discussed in this report are a credit to the Administration, as well as to the Congress for its role in enacting the Rural Development Act of 1972 and subsequent legislation attentive to rural America. While the report cannot show that rural America's problems have been solved, or ever will be completely, it does show that under this Administration the executive branch is committed to rural people in principle and in performance.

Alex P. Mercure

ALEX P. MERCURE
Assistant Secretary for
Rural Development

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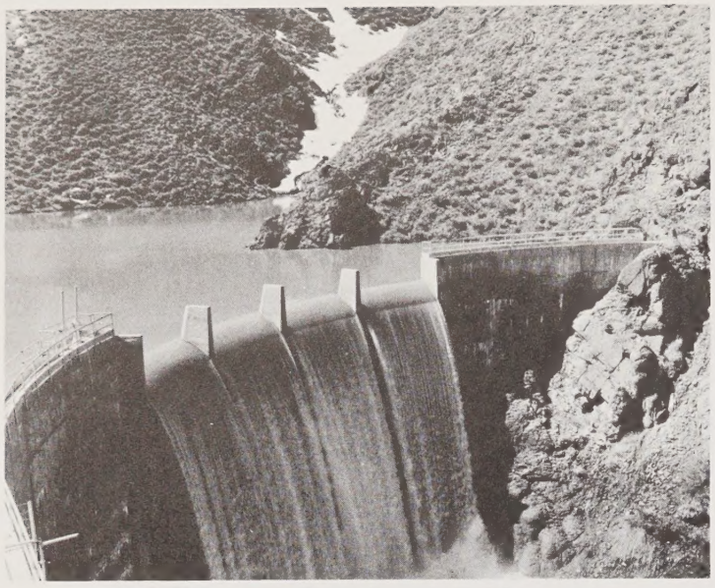
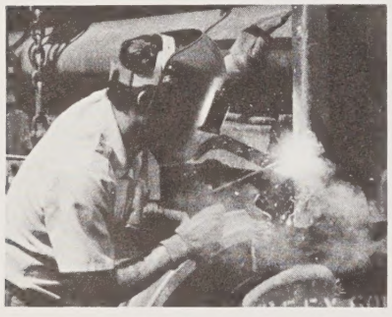
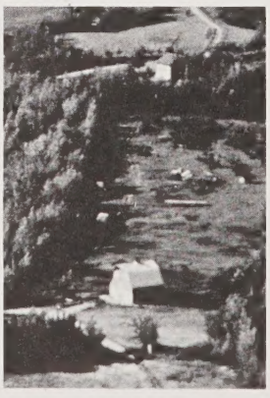






Executive Summary

Introduction

This report responds to the directive of Section 603 of the Rural Development Act of 1972 requiring the Secretary of Agriculture to establish national rural development goals and to report on progress toward their attainment. The report sets forth the goals and provides data highlighting rural conditions and trends. It describes this Administration's rural development operational strategy. And it provides examples of executive branch initiatives to illustrate how the strategy is being implemented.

The report and this summary are organized to show the extent of rural development concern and action throughout the executive branch. A key objective has also been to show how the various functional perspectives and mandates of the White House, the Department of Agriculture, and other Federal agencies are being translated into an increasingly coordinated rural development effort.

Rural Conditions and Trends

Population and economic growth proceed in nonmetropolitan areas as a whole. Substandard housing is declining markedly, and poverty is declining, though less dramatically. Both substandard housing and poverty continue at higher rates than in urban America.

In 1969, 46 percent of the Nation's poor were rural, compared with 40 percent in 1977. Viewed another way, in 1969, 16 percent of nonmetro residents were poor, compared with 14 percent in 1977. In metro areas, about 10 percent of the residents were poor in both years, indicating that poverty is declining at a faster rate in rural areas.

The slow but steady improvement in the rural income situation can also be seen in the slight improvement in rural median family incomes compared with urban. In 1969, median family income in nonmetro areas was 77.6 percent of that in metro areas, while in 1977 it was 79.4 percent. The relative improvement is more marked over the longer period of 1960-77. In 1959, median family income in nonmetro areas was only 71 percent of urban median family incomes.

The problems of disadvantage that persist in rural America are borne most heavily by the poor, the elderly, and minorities. For example, while substandard housing is declining for all population groups, it is declining at slower rates for blacks, migrant workers, the elderly, Indians, and single-person households. Most of these groups are also among those who are most seriously affected by the problems in access to community services and facilities in rural areas. The great increase in Federal attention to these problems, as documented in the report, shows promise for the future, but currently these problems continue. In some quality-of-life indicator categories there has been no progress but actual regression, such as with physician/population ratios and passenger transportation (air, rail, intercity bus, and local bus systems).

Rural Development Goals

Initiatives discussed in the report are in support of the five national rural development goals articulated by the Secretary of Agriculture early in the Administration:

1. Improve rural income levels and increase rural employment opportunities.
2. Improve the access of rural residents to adequate housing and essential community facilities and services.
3. Provide a more equitable distribution of opportunities through targeting efforts on distressed areas, communities, and people.
4. Create and implement a process for involving the private sector and local, State, and Federal agencies in establishing policies and programs that affect rural areas.
5. Strengthen the planning, management, and decisionmaking capacity of public and private institutions concerned with economic opportunity and quality of life in rural America.

The initiatives reported on have in common at least one of the following elements: (1) targeting on the most needy or the most serious functional problems; (2) fostering genuine cooperation and coordination at both the interagency and intergovernmental levels and with the private sector, in the interest of efficiency and leveraging and to assure that Federal efforts respond to locally defined priorities when these are not in conflict with national objectives; and (3) taking steps to improve the performance of governmental and private institutions in rural development (including removing hindrances to current capacity, by such means as simplifying the way Federal programs work).

A number of the initiatives are related to energy conservation, environmental protection, agricultural

land preservation, and many related concerns that are not specified in the national rural development goals, but are implicit in the "quality of life" theme in goal 5.

White House Rural Initiatives

At President Carter's direction, the White House Intergovernmental Affairs staff assumed a central role in identifying and analyzing the development problems and needs of rural America by calling upon the resources of government at all levels, private organizations, and rural residents. Their findings have revealed a need for concerted efforts in a number of critical areas and have led to a series of initiatives involving more than a dozen Federal departments and agencies as well as State, local, and private sector participation. White House Rural Initiatives announced as of June 1979 are highlighted below.

Health Care

A series of rural health initiatives to address shortages in rural primary care clinics, health support staff, and health professional staff include an interagency project that will result in nearly 300 primary care health centers to serve about 1.35 million rural residents. Under the 4-year agreement, the Farmers Home Administration will make 5-percent community facilities loans available for construction or renovation of community health centers or migrant health centers in underserved rural communities. The Department of Health, Education, and Welfare will assure the placement of medical staff in the facilities.

Other health initiatives have been launched with HEW and the Department of Labor to train poor rural residents as preventive and health support workers for placement in rural primary care clinics. The National Governors Association will assist in implementing these and the USDA-HEW agreement at the State level. An additional initiative is focusing on finding ways to increase the recruitment, training, and retention of health professionals, particularly physicians, in rural areas.

Housing

The rural housing initiatives are encouraging innovative demonstrations to meet special rural housing needs, use of common regulations and forms among Federal housing agencies, and greater participation by small-town lending institutions in rural housing. The first project finalized is for congregate housing for the elderly. Farmers Home will provide loans for 10 demonstration projects to build or renovate group rental housing for senior citizens. HEW's Administration on Aging will make grants to provide meals, transportation, housekeeping, and other services.

Water and Sewer Services

The rural water and sewer initiatives have resulted in a fundamental reform in the administration of water and sewer programs of FmHA, the Environmental Protection Agency, the Department of Housing and Urban Development, the Economic Development Administration, and the Council on Environmental Quality. The new process permits a single application, single audit, and single point of Federal contact for projects eligible for loans or grants from more than one agency. The initiatives also include a Labor Department project for training 1,750 workers to operate rural community water and waste treatment plants.

Transportation

On June 19, 1979, the President announced a series of initiatives to help overcome serious and longstanding transportation problems. Included are interagency agreements and actions to improve the coordination and effectiveness of Federal social service and public transportation programs; coordinated Federal Railroad Administration, Farmers Home, and EDA rehabilitation aid for essential railroad branchlines; assistance to commuter airlines and small community airports; and actions to promote ridesharing in rural areas. The National Governors Association, State agencies, and the insurance industry also have a major role in announced actions to modernize insurance laws to facilitate improved transportation opportunities.

Communications

The White House has announced a series of initiatives to overcome rural isolation through modern communications technology. These include Federal Communications Commission investigations for possible rule changes to ease requirements for low-power television broadcast stations and translators in rural areas and to eliminate impediments to rural cable service development by telephone companies in very small communities.

The rural communications initiatives also include funding of a number of demonstrations, including one that will provide a microwave system of delivery of medical, employment, and training services to migrant worker families in California. In addition, an administrative transfer of certain FmHA funding authority to the Rural Electrification Administration will allow REA to finance demonstration projects for extending broadband telecommunications systems in rural America.

Energy

The first in what will be a continuing series of rural energy initiatives includes an interagency agreement to stimulate construction of up to 100 small-scale hydroelectric projects by 1981 and up to 300 by 1985. Under the agreement, the technical and engineering resources of the Department of Energy, Bureau of Reclamation, and Corps of Engineers will be coordinated with the financial resources ($300 million for fiscal years 1979-81) of EDA, HUD, FmHA, REA, and the Community Services Administration.

A DOE-EDA-CSA agreement will provide for the construction of up to 100 small-scale gasohol plants by the end of fiscal 1981.

A $700,000 DOE grant to the American Public Gas Association will support testing of the feasibility of using natural gas from coal or shale, to be followed by FmHA, REA, EDA, and other agency participation in development funding if demonstration results are positive.

Also announced was $1.25 million in DOE and EDA grants for up to 20 rural economic development districts to develop integrated economic development/energy plans, and a set-aside of 1,000 CETA slots in both fiscal 1980 and 1981 for training and placement of poor rural youths in energy-related construction jobs.

Federal-State Cooperation

Under a White House initiative to foster Federal-State cooperation for rural development, Federal-State agreements have been signed with North Carolina, Florida, New Mexico, Arizona, New York, Arkansas, and Vermont. Discussions are underway with a number of other States for similar agreements for coordinated planning and delivery of housing, community facilities, and other resources to areas and communities of greatest need. Six of the partnership efforts are between FmHA and the States. The seventh, involving HUD and Labor as well as FmHA, is in North Carolina, where $1.2 billion in Federal funds from the three Federal partners will be directed toward meeting State and local priorities for rural development in the State's balanced growth strategy plan.

Economic Development

The White House is leading a national demonstration program to identify and institutionalize ways to ensure that public works construction encourages economic growth and raises living standards in impacted areas. The demonstration, which will involve 5 to 10 major Federal construction projects, will seek to maximize the employment of project area residents, especially minorities, women, and the poor. Also of concern are the procurement of more project-related goods and services from small or minority businesses, and sound project planning to mitigate adverse project impacts on the community and to improve the environment.

U.S. Department of Agriculture Initiatives

Rural development is one of the Department's major statutory missions. Further, the Secretary of Agriculture, under the Rural Development Act, is responsible for providing rural development leadership and coordination within the executive branch and nationwide.

The following material summarizes departmental efforts under the present Administration to strengthen USDA's rural development performance. A description of initiatives that involve a number of USDA agencies is followed by highlights of recent initiatives of the Farmers Home Administration. In addition to its programmatic responsibilities, FmHA has responsibility for assisting the Secretary and the Assistant Secretary for Rural Development in carrying out their rural development leadership responsibilities. This section concludes with a brief sample of rural development initiatives of other USDA agencies.

Departmental Policy Initiatives

- The Secretary has reinforced rural development as a mandate for all of USDA by issuing a Secretary's Memorandum on rural development that directs USDA agencies to give aggressive leadership and assistance to meeting national rural development goals, with emphasis on assisting the most distressed areas and population groups. In the policy

statement, the Secretary established a departmental rural development committee and a system for determining at the beginning of each year how each agency will contribute to the goals, and for reporting at the end of the year each agency's contribution.

- The Secretary has initiated a national Agricultural Structures Dialogue to provide the foundation for policies to achieve a future structure that will best meet national needs as well as the needs of agriculture, rural America, and consumers. Factors such as the number and size of farms and the ownership and legal organization of farms and farmland—as well as the tradeoffs involved in various options within each—will be included in the examination. Issues and policies that affect structure will also be identified.
- With CSA and ACTION, USDA has sponsored five small farm conferences across the country plus an Indian Agriculture Conference with BIA as an additional cosponsor. These were followed up with a number of actions to assist small farmers, including establishment of a USDA policy on assistance to small farm operators to encourage, preserve, and strengthen the small farm. The conferences led to 16 special small farm projects using coordinated resources of USDA, CSA, and ACTION to help small farmers increase their production and income, as well as the establishment of a small farm subcommittee as part of each State rural development committee to develop State small farm action plans. In addition, a USDA small farm coordinator position was established and each agency will report to that person the results of an annual review of its programs, with recommendations for changes needed to improve attention to small farm families.
- Other major actions involving the entire department include the establishment of a consolidated USDA Office of Transportation to develop rural transportation policy on passenger transport and commodities movement; establishment of a Native American Task Force to improve the effectiveness of USDA programs as they apply to Native Americans; and establishment of a USDA Office of Energy to provide leadership and focus to USDA energy activities.
- The USDA Office of Transportation and DOT have been involved in major staff support work related to the 16-member Rural Transportation Advisory Task Force established by Public Law 95-580, signed by President Carter November 2, 1978. Under the chairmanship of the Secretaries of Agriculture and Transportation, the task force is to recommend a national agricultural transportation policy in a report due for publication in January 1980. In June 1979, the task force published a preliminary report intended to encourage informed public participation in public hearings held in July and August in 12 cities across the country.
- The Secretary has also issued a strong land use policy statement which includes a directive to USDA agencies to provide expanded organizational, leadership, planning, and technical assistance on all aspects of land use, including alternatives to the conversion of a wide category of designated lands.

Farmers Home Administration

Under the Carter Administration, FmHA has undergone a major philosophical redirection centering on focusing agency resources on the most distressed rural communities and population groups. Supportive organizational changes also have been made to facilitate using these resources (an estimated $16.6 billion in fiscal year 1979) to influence those of other agencies and institutions in joint investment strategies to help meet the most critical rural problems. A third objective of the redirected agency has been to improve FmHA services to the public.

Targeting

Among the steps taken to facilitate targeting on the most distressed areas and groups, FmHA has:

- Allocated fiscal 1979 funds to the States on more refined criteria of disadvantage and required that FmHA State directors develop and implement annual State investment plans which address the most serious needs in their States.
- Contracted for a needs assessment capability study and other mission-oriented research to reduce data constraints to effective targeting.
- Intensified outreach efforts to groups not adequately served by FmHA through such means as demonstrations using community-based organizations and strengthened Indian outreach positions in field offices.
- Targeted funds from specific programs for individual population groups, such as women and minorities, under the business and industry loan program for FY 1979.
- Implemented a range of new programs that focus on the distressed, including a new rental assistance program that will provide subsidies to low-income families and a $4 billion farm economic emergency loan program.

• Allocated staff resources for identifying opportunities for targeting on functional problems with other agencies through cooperative projects, such as an FmHA-Extension-CSA-DOL demonstration that will create agricultural training institutes to provide unemployed rural youth with training in agriculture, marketing and supply, and related fields, as well as educational services and career counseling.

Joint Investment Strategies

To facilitate joint rural development efforts with State and local governments, FmHA has realigned its district office boundaries to correspond with those of substate planning districts. It also has directed its State directors to identify in their annual investment plans potential opportunities to convert agency resources into leveraging tools. In addition, FmHA and four States have negotiated statewide joint agreements for cooperative investment planning and action for rural development. A similar agreement has been negotiated with the Appalachian Regional Commission.

Joint investment strategies with other Federal agencies are being developed to combine funds for focusing on critical rural problems. For example, an FmHA-HUD demonstration is using $3 million in HUD grants and $46.2 million in FmHA loans to demonstrate improved delivery of rural housing and community development assistance to the disadvantaged.

Improving Services

To improve program delivery, cost effectiveness, and responsiveness to current rural needs, FmHA has:

• Restructured its field system to transfer responsibility for multifamily housing and community programs to district offices. This allows county office personnel to devote full attention to serving rural families seeking housing or farm loans and to engage in more outreach to the disadvantaged. It also concentrates expertise at the district level for handling the larger, more complex loans.

• Implemented stringent new thermal standards for housing programs (implemented with REA a rural housing weatherization program) and developed the design criteria for anaerobic digesters to be used by farmers in converting animal waste to methane gas. FmHA also made construction and operation of a digester on family size farms an eligible purpose for agency farm or soil and water loans.

Other USDA Agencies

The ongoing program activities of nearly all USDA agencies have a direct impact on improving various aspects of the quality of life in rural areas. Since these programs are generally well understood, the activities documented in this report are confined to new initiatives typical of those that impact most directly on rural development. Examples are given below.

Services to the Disadvantaged

New Food and Nutrition Service regulations for the Food Stamp Program have increased participation in the most sparsely populated rural areas, as indicated by the 33 percent rise registered in the first 2 months alone, after implementation of the regulations. FNS is also conducting a major demonstration for the Special Supplemental Food Program for Women, Infants, and Children to reach eligible women and children who are migrant farmworkers.

Building Rural Institutions

In line with national rural development goals, an increasing thrust among USDA agencies has been assistance to strengthen the ability of local and State public and private agencies to be more responsive to the needs and desires of rural people. For example, the Extension Unit of the Science and Education Administration (SEA) has established as a major goal the strengthening of local units of government and their planning capabilities, and has employed a local government specialist to lead the development of programs for use by SEA-Extension personnel nationwide in assisting local officials.

Energy Initiatives

Throughout USDA, increasing emphasis is being placed on energy conservation and reducing energy costs for rural and other residents. For example, the Rural Electrification Administration now requires that its electric cooperative borrowers have energy conservation programs as a condition for receipt of an REA loan.

Protecting the Rural Environment

A major priority for all USDA agencies is to bring themselves into compliance with the Secretary's October 1978 land use policy statement. In addition, USDA agencies are involved in numerous environmental protection or improvement efforts, with increasing emphasis on cooperative projects with other agencies. For example, six USDA agencies

have joined with EPA in a model implementation program in seven States to show how a coordinated program of conservation systems can improve water quality in rural areas.

Other Federal Agency Initiatives

In addition to participating in the White House rural initiatives as discussed earlier, Federal departments and agencies have taken numerous individual steps to better serve people in rural areas. Highlights of the major thrusts of these Federal initiatives are given below.

Equity

Analysis of the reports submitted by other agencies or departments shows that an increasing number have taken seriously the assertion that a better rural/urban balance is needed in Federal program administration. Examples of actions aimed toward achieving rural/urban equity include the following:

- A study has been undertaken within HEW on Federal aid to rural schools, with the first phase focusing on whether allocation formulas and competitive grant application requirements work to the disadvantage of rural districts. Also, the Bureau of Elementary and Secondary Education of HEW has started a dialogue with major rural organizations to look at rural education problems and to address the apparent effects of rural underrepresentation in Office of Education programs.
- The Secretary of HUD established a task force on rural and nonmetropolitan America, whose work led to a HUD rural coordinating group and a number of rural initiatives to increase and improve the use of HUD resources in rural areas. Efforts to support this objective include a major evaluation of Section 8 low-rent housing assistance in rural areas, a rural housing needs assessment, and an analysis of rural credit supply and demand. In addition, HUD's Annual Housing Survey will include new questions to determine conditions unique to rural areas, and will use a double sample in rural areas to increase statistical reliability.
- In the Labor Department, the Secretary established a committee on rural development to provide leadership in improving DOL's policies and programs in rural areas. This effort has been augmented by:

  — The Bureau of Labor Statistics action to expand its current population survey data base by 10,000 households in predominantly nonmetropolitan areas to obtain more accurate rural employment and unemployment data;

  — The report of the National Commission on Employment and Unemployment Statistics, undertaken to develop new and more accurate employment hardship measures that can serve as a basis for more equitable rural/urban distribution of CETA resources; and

  — DOL contracts with the National Governors Association and the American Association of Small Cities for recommendations on improving rural employment and training services.

Employment and Income

Agencies ranging from HEW and Labor to USDA and the Community Services Administration are engaged in a wide range of efforts to improve income opportunities for the rural disadvantaged. These activities include:

- Training to upgrade the economic prospects of poor farmworkers and small farmers through DOL contracts with two federations of poor people's cooperatives and the Emergency Land Fund;
- DOL-DOE training of migrant and seasonal farmworkers to equip them for energy-related occupations, and training and employment of unemployed farmworker youth in such work as solar water heater repair;
- Establishment of additional Job Corps centers for Indian and Native Americans;
- HEW-DOL demonstrations for creating public jobs for rural AFDC (Assistance to Families with Dependent Children) recipients;
- Regional commission support to small farmers, including grant aid from the Central Plains Regional Commission for establishment of a cooperative to serve minority farmers with a vegetable processing and packaging facility;
- EDA Office of Special Projects support to rural community-based organizations to help them identify and implement projects that will provide jobs and facilities in especially distressed rural communities; and
- Women's Bureau hearings on the employment and economic problems of rural low-income women, and earmarking of nearly half the Bureau's fiscal year 1979 budget for activities to assist rural women, including demonstration projects on employment and training.

Access to Services and Housing

Expansion of assistance for rural community ser-

vices and housing and efforts to simplify or increase access of rural people to existing services and resources are major concerns of several agencies. Recent actions include:

- HEW demonstrations to improve delivery of social and child welfare services to Indians and to simplify access to services for the aged, the developmentally disabled, and others in rural areas;
- Expansion of Head Start to serve an additional 8,900 children of migratory farmworkers and Native American children and an additional 3,100 Puerto Rican children;
- Innovative training for health care workers, such as the Center for Disease Control's initiation of a telephone lecture series to train laboratory technicians in more than 400 rural hospitals in 13 States, reaching an estimate of more than 25,000 students annually;
- Demonstrations to assist the rural elderly, including a seven-State TVA-sponsored demonstration that includes provision of vans to provide health checkups in isolated rural areas, and hiring of the rural elderly to staff a program to produce free energy audits of homes using electric power;
- Support for rural women, such as an ACTION grant for the Oklahoma Rural Indian Women's program to meet rural Indian women's legal rights and other needs, and ARC support to the Council on Appalachian Women for a women's credit union, group insurance program, and resource and information center for Appalachian women;
- A 3-year CSA national demonstration on rural home repair for the low income;
- HUD actions to address housing problems in Appalachia and other mountainous rural areas, including participation in the design of a housing strategy for eastern Kentucky;
- HUD support for a State project using community action agencies to connect rural low-income homeowners with sources of financing for housing rehabilitation;
- Coordinated assistance for rehabilitating rural housing while providing training for the unemployed or underemployed, including a DOL-FmHA agreement to train and place farm laborers in jobs rehabilitating public housing for farm laborers, and rehabilitating and weatherizing farmworker-owned housing. As another example, DOL, CSA, and FmHA will train 500 rural youths in construction work in connection with the rehabilitation of an expected 1,000 homes for rural low-income families.

Energy

Federal agencies and regional commissions have significantly increased their energy-related initiatives, with the purposes ranging from development of alternate sources to lessening high energy cost impacts on the rural poor. A sampling of the many activities reported includes:

- CSA funding for training and technical assistance support for housing weatherization for migrant and seasonal farmworkers;
- Southwest Border Regional Commission support for a four-State demonstration on the use of solar energy and conservation techniques to upgrade existing low-income housing units;
- Four Corners Regional Commission funding of research and demonstrations on the feasibility of energy production from agricultural waste resources; and
- ARC funding for demonstrations on the use of wood as a low-cost alternative energy source.

Agricultural Lands Protection

A narrower range of Federal agencies and departments is involved in actions related to environmental protection and resource management, and decisive laws on land use are still primarily the responsibility of States and localities in this country. Two agencies other than USDA reported major new environmental actions related to rural development. The Environmental Protection Agency has promulgated an Agricultural Lands Protection Policy to limit adverse impacts that EPA programs may have on farmland. And the Council on Environmental Quality will cosponsor with USDA a national study of the availability of the Nation's agricultural lands, the extent and causes of their conversion to other uses, and the ways by which these lands might be retained for agricultural purposes.

The following pages provide additional detail on these and a wide range of other Federal rural development actions. They indicate great progress in elevating the importance of rural development issues not only in the Department of Agriculture but also within the White House and across the entire Federal Government. The report also indicates marked progress in interagency and intergovernmental coordination and cooperation and, most importantly, progress in making programs do a better job for the residents of our rural areas and small communities.

1. Introduction

This report is in response to Section 603 of the Rural Development Act of 1972, which requires the Secretary of Agriculture to establish national rural development goals and to report on progress in attaining the goals.

The goals established early in this Administration stemmed from a rural policy issues study conducted for the President by the Secretary of Agriculture in the spring and summer of 1977. The goals are as follows:

1. Improve rural income levels and increase rural employment opportunities.
2. Improve the access of rural residents to adequate housing and essential community facilities and services.
3. Provide a more equitable distribution of opportunities through targeting efforts on distressed areas, communities, and people.
4. Create and implement a process for involving the private sector and local, State, and Federal agencies in establishing policies and programs that affect rural areas.
5. Strengthen the planning, management, and decisionmaking capacity of public and private institutions concerned with economic opportunity and quality of life in rural America.

To illustrate progress in meeting these goals, this report presents a summary of current rural trends and conditions[1], discusses the Administration's rural development strategy, and illustrates its implementation with many examples of executive branch agency initiatives addressing rural problems. Numerous initiatives with limited as well as major impact are reported on in order to portray the reality of Federal rural development activities, and thereby inform the Congress and rural advocate groups that this Administration has in fact been responsive to their persistent demands since 1972 for greater Federal attention to rural America's needs.

The extensive reporting approach also is judged necessary because no one program, agency, or department has reponsibility for the many Federal activities that collectively constitute the Federal rural development program. Some departments and agencies do have major programs that deal exclusively with rural problems. But while these rural programs are necessary to improving the quality of life in rural areas, they alone are not sufficient. Numerous other Federal actions of the type reported on here, as well as the many ongoing programs not covered, are required to address the diverse and complex problems of our citizens who live in the less densely settled areas of rural America.

Section 603 also requires a progress report regarding the 603(c)(1) directive to the Secretary on colocation of USDA and other field units of the Federal Government concerned with rural development in appropriate USDA field offices. That report was transmitted to the Congress separately on April 30, 1979. It found that of the 11,992 USDA county offices identified as of November 27, 1978, 67 percent were in complete or partial colocations. Thus, USDA's county offices are limited to 3,370 locations around the country. Colocation with other Federal agencies was found to be very limited at the county level, mainly because other Federal agencies do not usually have county offices. Colocation with related State and county offices of nonfederal governmental units was more common and is being further encouraged by USDA.

This report is also designed to respond to reporting requirements of Sections 901(c) and (d) of Title IX of the Agricultural Act of 1970. The requirements relating to planning in Section 901(c) are responded to by the material on rural development planning assistance in chapter 4 of this report. The Section 901(d) requirement is concerned with information and technical assistance provided to rural areas by USDA. Instead of preparing a separate report detailing such activities, as has been done previously, it was decided that it would be more useful and less expensive to report only on new initiatives and to include these in the present report.

Section 901(e) of the Agricultural Act of 1970 calls for a report on the availability of government services to rural areas. Traditionally, this requirement has been met by reporting on Federal outlays in nonmentropolitan areas, contrasted with those in metropolitan areas. The most recent such report is Federal Outlays in 1976, published in August 1978 and available from the Department's Economics, Statistics, and Cooperatives Service.

[1]Detailed backup information and data on rural conditions are available in the Assistant Secretary for Rural Development's testimony on Rural America in the 1970's presented to the House Subcommittee on Family Farms, Rural Development, and Special Studies of the Committee on Agriculture, on Apr. 19, 1978, and to the Senate Subcommittee on Rural Development of the Committee on Agriculture, Nutrition, and Forestry, on Apr. 25, 1978; and in Rural Development Perspectives, published by the Economic Development Division of the Economics, Statistics, and Cooperatives Service on Nov. 1, 1978

2. Rural Conditions and Trends

After decades of population loss and economic decline, rural America[2] has progressed significantly toward improving its social and economic conditions during the seventies. Yet, rural areas continue to lag behind their urban counterparts in terms of wage levels, family income, employment opportunities, adequacy of housing, and access to health care and other essential services and facilities.

Population Turnaround

Nearly 60 million persons, over a quarter of the U.S. total, live in rural America. Since 1970, rural areas have experienced renewed growth and vitality. Population rose 8 percent from 1970 to 1976, higher than in urban areas (fig. 1). Rural areas have gained over 2 million migrants during the seventies, most of them from urban and suburban areas. Viewed nationally, three of every eight persons recently added to the U.S. population have been rural residents. This trend distinctly reverses that of the sixties, when people were leaving rural America, giving urban areas an overwhelming growth advantage.

This widespread turnaround affects most major regions of the country. Remote and completely rural areas are growing as well as those that are partly urbanized. High gainers are the West, especially the Rocky Mountain region; the upper Great Lakes and Ozarks regions; southern Appalachia; and Florida.

Some rural counties, about one-fifth, continue to lose population. Most of these are in the Great Plains, Corn Belt, and Mississippi Delta, but their rate of population decline is generally less than during the sixties.

The reasons for this turnaround involve three interrelated phenomena—increasing rural economic vitality, an increasing preference for rural living, and rural modernization. However, reasons for growth differ, depending on the area.

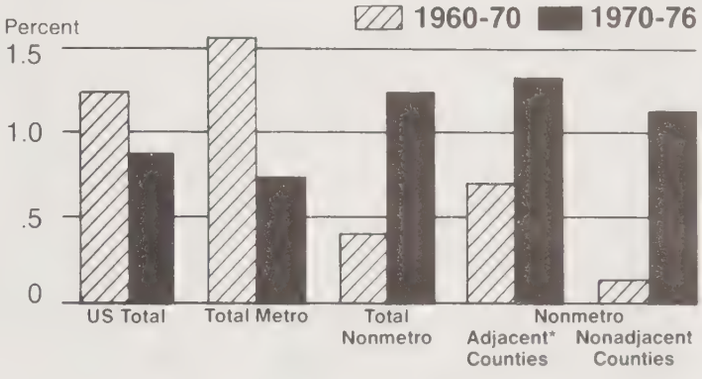
For Rural Areas, More Economic Vitality

Rural residents now find more employment opportunities, largely because many companies have established new operations or expanded existing operations in rural areas. Between 1970 and 1977, nonfarm wage and salary employment increased 22 percent in rural areas, compared with 11 percent in urban areas.

[2]The terms rural and urban are used for nonmetropolitan and metropolitan areas for all statistics in this chapter

Figure 1

Population Change



Annual Averages

*Counties adjacent to standard metropolitan statistical areas as defined in 1974. Source: U. S. Bureau of the Census.

The types of employment have also changed (fig. 2). Job seekers find more opportunities in service-performing industries instead of the more traditionally rural industries such as agriculture, forestry, mining, and nondurable manufacturing. Rural employment can no longer be equated with agriculture. In fact, in 1975, agriculture accounted for only one-tenth of total personal income in rural areas. Although the employment mix in rural areas has become increasingly similar to that in urban areas, the types of jobs in rural areas are still lower paying. Thus, average income in rural areas continues to lag behind that in urban areas.

People Prefer Rural Living

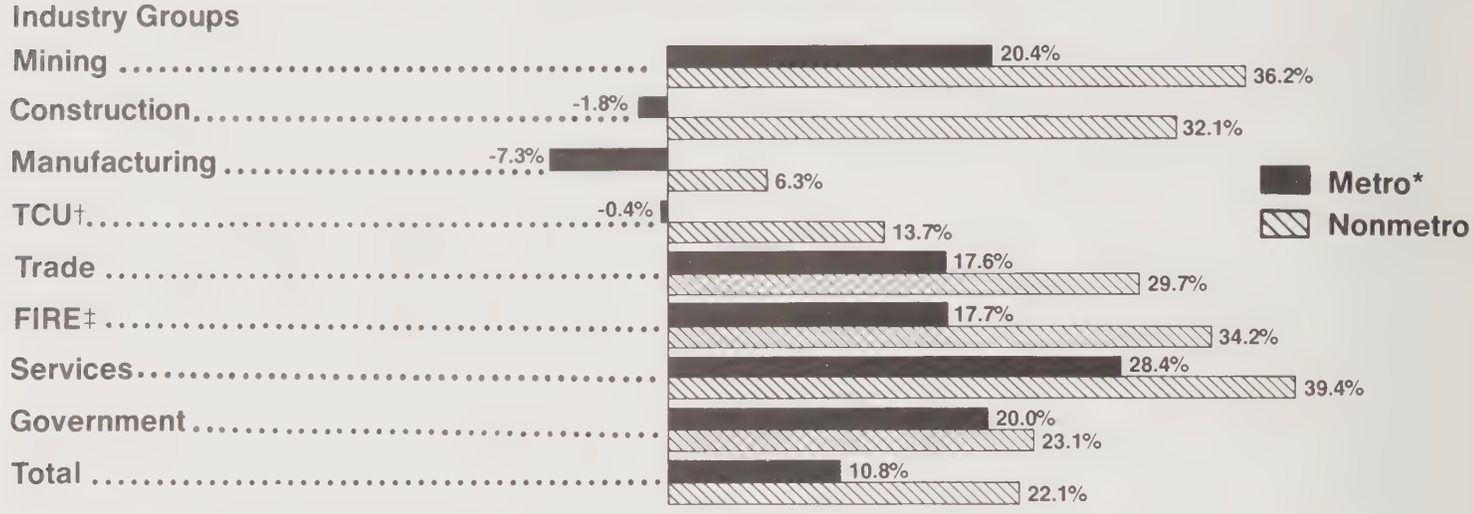
A majority of new migrants cite the quality of rural life as their main motivation for moving. They no longer find urban life satisfying, as evidenced by a growing willingness to accept tradeoffs—such as lower incomes—in moving to a smaller community. Most people who prefer a rural residence, however, would like it to be located within commuting distance of a metropolitan city.

Income and Poverty

The relative income position of rural Americans has been improving. In 1969, 46 percent of the Nation's poor were rural, compared with 40 percent in 1977. Viewed another way, in 1969, 16 percent of nonmetro residents were poor, compared with 14 per-

Figure 2

Change in Nonfarm Wage and Salary Employment, March 1970-77



*Excludes about 50 smaller standard metropolitan statistical areas.
†Transportation, communications, and utilities groups. ‡Finance, insurance, and real estate groups.
Source: State employment security agencies.

cent in 1977. In metro areas, about 10 percent of residents were poor in both years, indicating that poverty is declining at a faster rate in rural areas.

The slow but steady improvement in the rural income situation can also be seen in the slight improvement in rural median family incomes compared with urban. In 1969, median family income in nonmetro areas was 77.6 percent of that in metro areas, while in 1977 it was 79.4 percent. The relative improvement is more marked over the longer period of 1960-77. In 1959, median family income in nonmetro areas was only 71 percent of urban median family incomes.

Rural Poverty Distribution

Income is lower in rural areas for all major racial/ethnic groups. In 1976, rural whites received 80 percent of the income of their urban counterparts, while the ratios for blacks and Hispanics were 74 percent and 85 percent, respectively. However, the incidence of poverty among rural blacks (38 percent) and Hispanics (27 percent) far exceeded that of rural whites (11 percent). Thus, racial minorities comprise a disproportionate share of the rural poor, although the majority of rural poor persons are white (fig. 3). Indians, especially those in rural areas, are severely disadvantaged with respect to poverty level income. A 1973 BIA survey reported an unemployment rate of 45 percent for American Indians, the only minority group still predominantly rural according to the 1970 census.

Rural poverty is not evenly distributed regionally. Nearly two-thirds of the Nation's rural poor live in the South. In that region over 20 percent of the rural population failed to earn income above the poverty level in 1975, compared with only 12 percent of rural persons in the North and West (fig. 4).

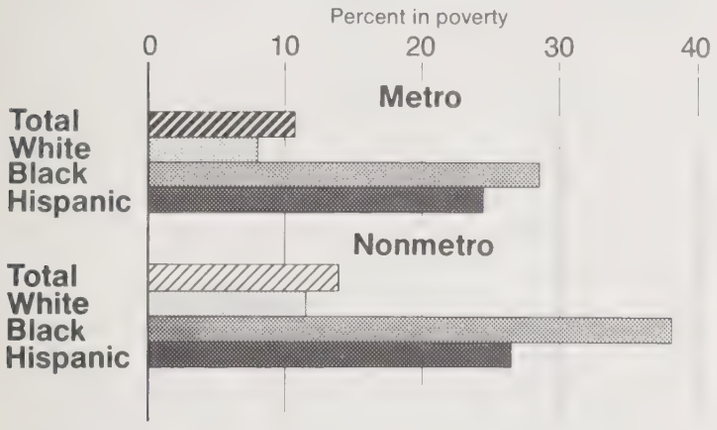
Areas of chronic and persistent poverty are also concentrated in the South. This concentration is shown for 1 year in fig. 5. Indeed, 8 of 10 persistent low-income rural areas—those that have fallen into the lowest 20 percent of rural counties by income rank in each decade since 1950—are located in that region. These "pockets of poverty" are characterized by severe disadvantage and general economic underdevelopment.

Differences Between the Urban and Rural Poor

Whereas urban poor families are most often headed by females, by unemployed workers, or by persons who are not in the labor force, this is not an appropriate description of the rural poor. Data from the Survey of Income and Education indicate that poor rural families are heavily involved in the labor force.

Figure 3

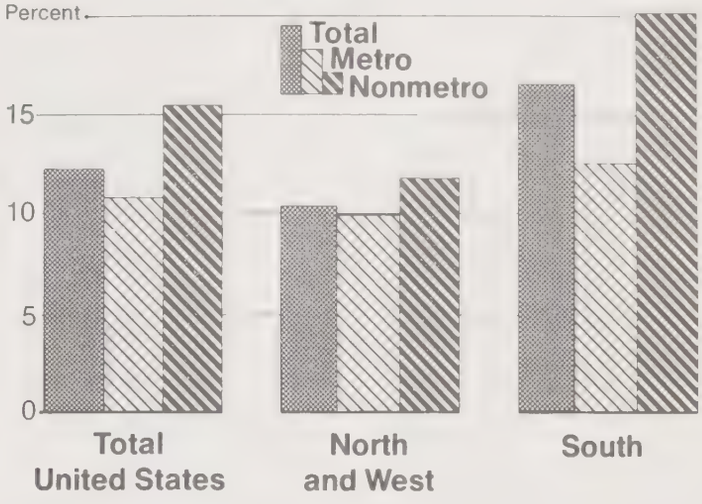
Percent of Persons In Poverty By Racial/Ethnic Origin, 1976*



*Preliminary.
Source: U. S. Bureau of the Census; Current Population Reports, series P. 60.

Figure 4

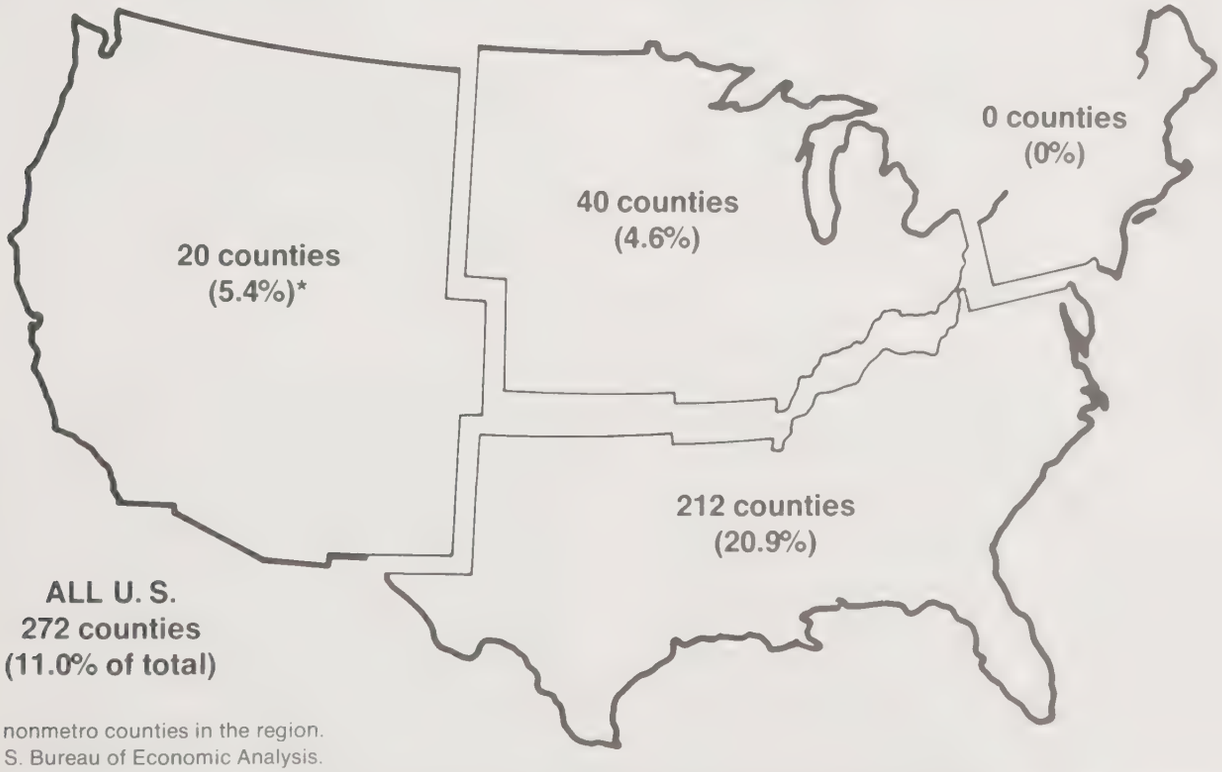
Persons In Poverty, 1975



Source: Current Population Reports, series P. 60.

Figure 5

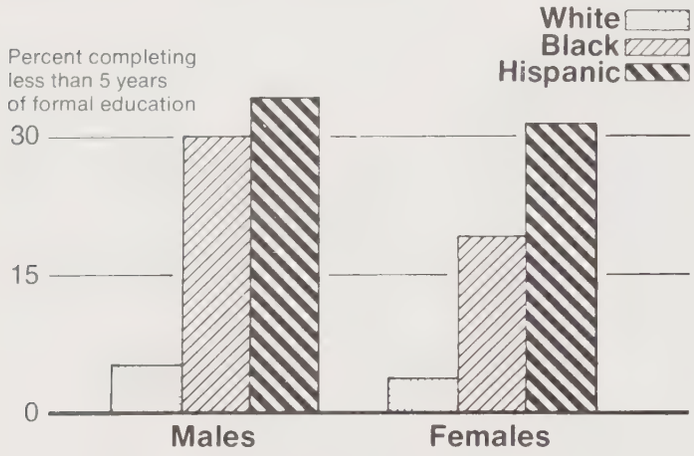
Nonmetro Counties With Less Than $3,500 Per Capita Income in 1975



*Percent of nonmetro counties in the region.
Source: U. S. Bureau of Economic Analysis.

Figure 6

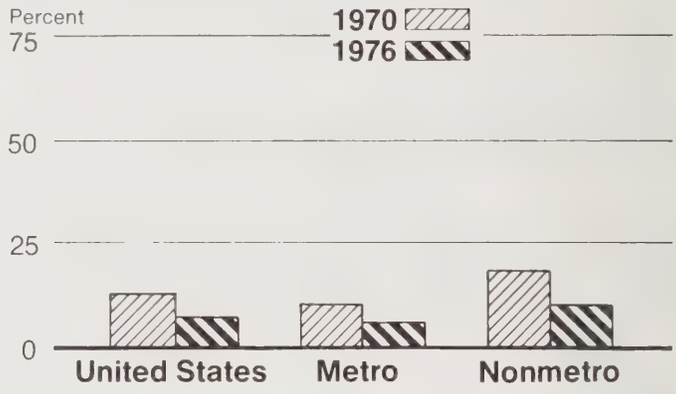
Functional Illiteracy by Race and Sex in Nonmetro Areas, 1975



Source: Current Population Reports, series P-20, No. 207.

Figure 7

Percent of Occupied Housing Lacking Complete Plumbing and/or Crowded, 1970 and 1976



Source: 1976 Annual Housing Survey, U. S. Departments of Commerce and Housing and Urban Development.

Four out of 10 are headed by full-time workers, compared with only a quarter of urban poor families, and almost half have two or more workers. In contrast, only 16 percent of poor families in urban areas have two or more workers, and almost half have no workers at all. Thus, the income position of many poor rural families is not associated with labor force participation, but rather with the types of jobs available in rural labor markets or with the lack of appropriate skills and training for better paying jobs when they are present.

Educational Attainment

The educational preparation of the rural labor force is a major determinant of its relatively lower income position. Formal educational attainment has increased recently; but rural students, especially minority group members, are more likely to enroll in school later, progress through school more slowly, complete fewer school years, and score lower on national tests than students attending urban schools.

For example, only about half of rural people age 25 and older had completed high school in 1975. This compares with 68 percent and 65 percent of urban males and females, respectively. Among rural minorities, high school completion is lower still; only about a quarter of rural blacks and Hispanics, age 25 or older, have completed a high school education.

Functional illiteracy is also a problem in rural areas, especially among minorities. In 1975, 30 percent of black males and 19 percent of black females had completed less than 5 years of formal education, the conventional definition of functional illiteracy (fig. 6).

Considering the information just presented, it is not suprising that relatively fewer rural residents enter college. Regardless of race, college enrollment rates of rural people were lower than those of their urban counterparts. These differences changed very little between 1970 and 1975.

Housing

Housing conditions in rural areas have improved markedly since 1970. The number of occupied units that lacked complete plumbing and/or were crowded declined from 3.5 million units in 1970 to 2.3 million units in 1976. The proportion of rural households occupying such bad housing declined from 18 percent to 10 percent. For whites, the proportion occupying such housing declined from 11 percent to 7 percent; for blacks, from 58 percent to 36 percent; and for Hispanics, 37 percent to 27 percent.

However, by almost any measure of adequacy, housing continues to be poorer in rural than in urban areas (fig. 7). In 1976, 44 percent of the Nation's 5.1 million homes that lacked complete plumbing and/or

were crowded were located in rural areas, but these areas contained only 32 percent of the Nation's households. Of the 1.2 million homes that lacked a complete kitchen, 59 percent were in rural areas. Values and rents are only three-fourths as high in rural as they are in urban areas. They are increasing more rapidly, but starting from a lower base value.

The incidence of bad housing (lacking plumbing and/or crowded) is closely related to household income, and is highest among the very poor. For example, 41 percent of the bad housing in rural areas was occupied by households with incomes of less than $5,000 in 1976, but these households represented only 24 percent of all rural households.

Although there has been a rapid improvement in housing conditions among most households, some households have not experienced improvement as rapidly as others. Groups for which progress has been less rapid include blacks, Indians, migrant workers, the elderly, and single persons. A BIA study shows that in 1970, 46 percent of Indian housing had no plumbing and 50 percent was valued at only $5,000 or below. Blacks occupied 27 percent of the housing that lacked complete plumbing and/or was crowded in rural areas in 1976, up from 24 percent in 1970. But they occupied only 7 percent of all rural housing in both 1970 and 1976.

Among households occupied by elderly or single persons crowding is not a problem. But based upon the criteria of lack of complete plumbing, a pattern of slower progress similar to that shown for the blacks was manifest. The elderly occupied 35 percent of the units that lacked complete plumbing in 1976, compared with 32 percent in 1970. Single persons—many of whom are elderly—occupied 36 percent of the housing that lacked complete plumbing in 1976, well above the 26 percent in 1970. A recent rapid increase in the number of households in rural areas occupied by young single persons has contributed to the greater prominence of poor housing among these households.

Reasons for the lag in the improvement in housing among blacks, Indians, migrant workers, the elderly, and single persons are many. The relatively low level of income among these groups is no doubt a major factor. But their limited access to credit, again partly due to their limited income, is of considerable importance. One problem here may be an institutional bias toward perpetuation of lending practices of the past, when these particular population groups either (1) did not seek loans as much because of their poor income positions or other factors in the past or (2) were a much less sizable share of the rural population then (single persons, for example).

Essential Community Services and Facilities

Access to a reasonable level of essential community services and facilities is a major goal of rural development. However, current and reliable data are not available with which to measure progress toward this goal in all areas of service provision. Some available information is reviewed below.

Local Government Expenditures

Per capita local government expenditures are often used as a rough indicator of the levels of community services available in the Nation. These figures must be used cautiously, however, since the prices of inputs; the level of efficiency; the relative roles of State versus local governments; and age, sex, and family characteristics vary substantially between urban and rural areas and considerably from one area to another.

In 1972, the level of per capita expenditures of local governments in urban counties averaged nearly 1½ times that of rural counties. Spending for individual functions was also higher in urban counties, with the exception of spending for highways, where rural local governments typically spend more. Furthermore, the overall gap in spending between urban and rural areas has widened. In 1957, rural local governments spent 86 percent as much per capita as urban local governments; in 1967, they spent 74 percent as much; and in 1972, they spent only 69 percent as much.

Health Services

Recent years have seen increasing recognition of the important role an adequate rural health care system plays in rural development. A recent study of rural workers in the South found that poor health was a major factor inhibiting participation in the labor force.[3] Over 70 percent of the funds of the FmHA Essential Community Facilities Loan Program were for health care facilities projects as of fiscal 1978, reflecting the priority that communities give such facilities.

Scott, L., L. Smith, and B. Rungeling. "Labor Force Participation in Southern Rural Labor Markets." American Journal of Agricultural Economics. Vol 59 May 1977

Characteristics of the general rural population, especially lower incomes and lower educational levels, tend to compound rural health problems. In addition, the most inevitable consequence of our aging population is the increased need for health care. In 1965, there were 18.5 million people over age 65, and by 1975 there were 22.4 million elderly people. This produces a strain on community health resources. For the already inadequate health system in rural areas, where a greater proportion of the population is aged, this strain is intensified. Furthermore, it is projected that by the year 2000 the 1975 total population will have grown 22.9 percent, but the aged population will have grown 36.6 percent.

Although characteristics of the general rural population are associated with inadequate health care, rural areas are also unique among themselves. One example of this uniqueness is the rapidly growing communities near western coal operations which require exceptionally expedient development of their health systems in order to meet the needs of the community.

Two indicators used by HEW to designate health care inadequacies are the Medically Underserved Areas (MUA's) and Health Manpower Shortage Areas (HMSA's). In 1977, approximately 27 percent of the Nation's population resided in rural areas, but over 55 percent of all people in MUA's and 51 percent of all people in HMSA's resided in these areas.

The most commonly used measure of health status—infant mortality—varies notably by region, residence, and race. By region, the Southern States have the highest infant mortality rates; in 1975, the South Atlantic States had a rate of 18.2 infant deaths per 1,000 live births, compared with a Pacific States rate of 13.8. By residence, infant mortality varies from the lowest rates in the SMSA urban fringe counties to the highest rates in the less urbanized nonmetro areas not adjacent to an SMSA. By race, the infant mortality rate in 1975 of 16.1 deaths per 1,000 live births for all races breaks down to rates of 14.2 for whites versus 24.2 for "all other" and 26.2 for blacks.

Minorities had considerably higher rates across the country. For minorities in rural areas, the infant mortality rates are critical. For example, in 1974 in Mississippi, the infant mortality rate was 19.4 for whites versus 39.7 for blacks.[4]

[1]Davis, K., and R. Marshall. Rural Health Care in the South. Task Force on Southern Rural Development, Oct. 1975

Although health status data indicate that the greatest need for health resources is in rural areas, the actual distribution of these resources is away from those areas. This condition persists despite the rural-urban population turnaround and the special HEW programs targeted at improving health resources availability in underserved areas. Table 1 shows dramatic differences in personnel-population ratios between urban and rural areas.

Table 1—Personnel and hospital beds per 100,000 population by residence

Item	Physicians per 100,000 population	
	Metro	Nonmetro
Total nonfederal physicians in patient care (1976)[1]	163.2	68.7
Office-based practice	135.1	60.5
General practice	20.2	24.8
Special practice	94.8	35.6
Medical	30.8	10.1
Surgical	37.5	17.0
Other	26.4	8.6
Hospital-based practice	48.2	8.2
Registered nurses (1972)[2]	413	297
Dentists (1974)[3]	60	37
Hospital beds (community, 1976)[3]	440	410

[1]Calculations based on data in Physician Distribution and Medical Liscensure in the United States, 1976. American Medical Association, Chicago, 1977.

[2]Calculations based on data in Health, United States, 1976-1977. Health Resources Administration, U.S. Department of Health, Education, and Welfare, Pub. No. (HRA) 77-1232, 1977.

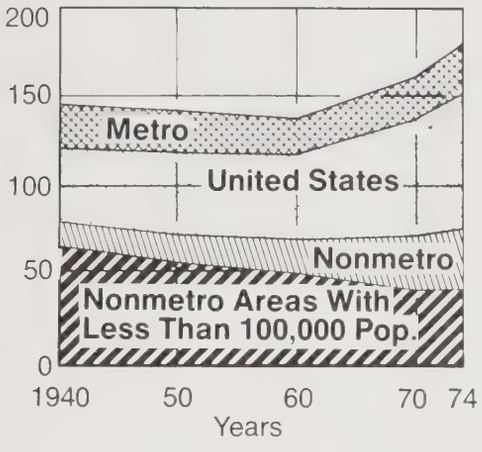
Calculations based on The Area Resource File: A Manpower Planning and Research Tool, U.S. Department of Health, Education, and Welfare, 1976.

Figure 8 shows the trend in number of physicians per 100,000 population between 1940 and 1974 in the total United States, urban areas, rural areas, and rural areas with less than 10,000 population. For the total United States, the physician-population ratio has increased over time, while rural areas and rural areas with less than 10,000 population have consistently lagged behind. For the latter groups, the ratio has continually declined and worsened dramatically since 1970.

The distribution of hospital beds appears to be equitable (table 1). However, rural hospitals are

Figure 8

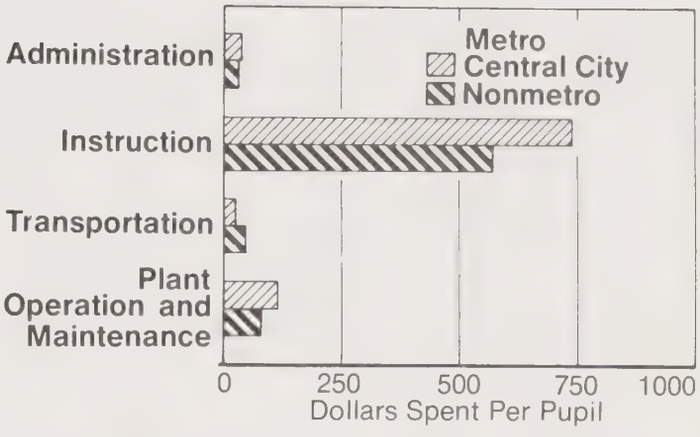
Nonfederal Physicians Per 100,000 Population, 1940-74



Source: Economics, Statistics, and Cooperative Service calculation using HEW Area Resource File data.

Figure 9

Average Expenditures Per Pupil, 1972-73



Source: Statistics of Local Public School Systems, Finance, 1972-73 National Center for Education Statistics, HEW, 1976

generally older and smaller, lacking in specialized services and advanced technology, and less likely to be accredited.

Residential and regional variations that work against rural citizens also exist in Medicare and Medicaid reimbursement. People in the East, West, and urban areas are more likely to receive benefits (including larger benefits) than people in the South, the North-Central region, or rural areas.[5] Over 80 percent of suburban residents are covered by private medical insurance. In the central city, private coverage is lower, but many residents participate in the Medicaid program. Private medical insurance coverage is also low in rural areas, since many persons are self-employed or work for small firms that cannot afford to provide coverage; but in this case the slack is not taken up as well by Medicaid. In fact, many of the rural poor are employed and are thus not eligible for the program.

Educational Services

Rural public school systems during 1972-73 expended less per pupil than urban school systems for all account categories except pupil transportation services. For example, rural schools spent an average of $170 less per pupil for instruction than urban central city schools. Differences were also marked for other categories, such as plant operation and maintenance (fig. 9).

The funding difficulties experienced by rural school systems have severe repercussions on the number of support personnel such systems are able to maintain. Rural schools have relatively few personnel supporting the instructional function. In 1971, for example, three-fourths of rural school systems had no instructional supervisors at all, while only 2.5 percent of urban central city school systems had none. Comparable figures for the lack of other support personnel in rural and urban schools were: librarians 41.8 and 1.6 percent; guidance counselors, 50.2 and 6.2 percent; psychological staff, 92.6 and 24.1 percent; audio-visual staff, 92.8 and 58.4 percent; and teacher aides, 49.5 and 7.5 percent (fig. 10).

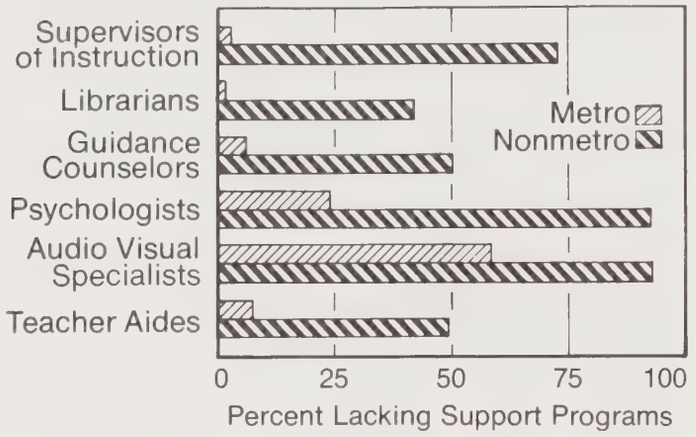
It has been argued that the relative number of support staff members is lower in rural areas because the small size of many rural schools prevents them from employing full-time counselors and other professionals. Higher salaries typically prevailing in big cities also attract the most qualified professionals to those areas. But the fact is that entire rural school systems do not have certain support staff members at all.[6]

[5] Elo, I. "Regional and Residential Variations in Medicare and Medicaid Reimbursements." U.S. Department of Agriculture, Economic Research Service Working Paper No. 7801, Oct. 1977

[6] Fratoe, Frank. Rural Education and Rural Labor Force in the Seventies. U.S Department of Agriculture, Economics, Statistics, and Cooperatives Service Rural Development Research Report No. 5, Oct. 1978

Figure 10

Percent of School Systems Lacking Support Programs, 1971



Source: Statistics of Local Public School Systems, Pupils and Staff, Fall 1971. National Center for Education Statistics, HEW, 1976.

Support services are more than incidential to instruction; they provide human and material resources for the learning process. Unfortunately, many rural school systems have neither the financial support nor the personnel to develop such services.

Rural children are more likely to enroll in school later than their urban counterparts, one reason being that proportionately fewer rural schools offer programs for 3- to 5-year-olds. In 1971, only 57.6 percent of rural public school systems reported having kindergarten programs, compared with over 80 percent of school systems in urban areas.

As far as special education was concerned, less than one-half of the rural public school systems provided programs, compared with the vast majority of urban systems. One reason for this comparative showing is that sparsely settled districts often have too few special children to justify offering the program. Some States furnish tuition assistance to permit special children to benefit from programs in nearby districts.

Rural students are also disadvantaged when it comes to access to learning materials because there are no libraries in many schools, particularly at the elementary level. Once again, the smaller size of rural schools plus a scarcity of funds and personnel probably account for deficient library services.

Water and Sewer Services

Economic efficiency may preclude every rural household from being served by a public or private water or sewer system. Nonetheless, one indication of the availability of rural sewer and water services is the proportion of homes served by systems in rural areas compared with the proportion in urban areas. In 1976, 65 percent of rural households were served by public or private water systems, compared with 92 percent of urban households. The 65 percent rural figure represents an increase from 62 percent in 1970. It is interesting to note that only 64 percent of the rural housing units that were constructed during 1970-76 were initially connected to a private or public water system (table 2).

Sewer systems are less available than water systems in rural areas. Only 49 percent of rural housing units were connected to public sewer systems in 1976, compared with 84 percent of urban housing units. The proportion of rural housing connected to public sewer systems in 1976 represented only a slight increase from the 48-percent figure for 1970. Surprisingly, less than 43 percent of rural housing units constructed during 1970-76 were initially connected to a public sewer system. However, changes in technology and a significant increase in the use of individual sewer techniques temper the alarm this statistic might otherwise raise.

Though rural use of public sewer systems has not expanded rapidly, septic tank and cesspool use increased so much during 1970-76 that the number of rural households without public or private sewer service declined from 2.4 million to 1.1 million. Further, 99 percent of the newly constructed rural households were served by either public or private sewer control.

Passenger Transportation

Many rural residents—especially the poor, elderly, handicapped, and young—are isolated and immobile, and face extreme difficulties in gaining access to jobs, health care, social services, shopping, recreation, and friends. The rural mobility problem is compounded by the simple fact of long travel distances and, consequently, high travel costs.

The problem is strikingly portrayed by the following statistics:

- Fifteen percent of rural households, 57 percent of the rural poor, and 45 percent of the rural elderly do not own an automobile; 52 percent own only a single automobile, which means that other family members are "left behind" when the breadwinner

Table 2—Availability of water and sewer facilities in year-round housing units, 1970-76

U.S. housing	Total units		Housing with public or private water system			Housing with public sewer system		
	1976	Increase over 1970 Thou.	1970 Pct.	1976 Pct.	Increaseover 1970 Thou.	1970 Pct.	1976 Pct.	Increase over 1970 Thou.
All year round:								
Metro	53,606	7,527	91.0	91.9	7,338	82.1	84.2	7,331
Nonmetro	25,710	4,095	61.7	64.9	3,351	47.9	49.2	2,301
New construction[1]:								
Metro	8,262	2,974	91.3	91.1	2,700	83.8	82.9	2,426
Nonmetro	4,231	1,541	60.3	63.5	1,062	40.1	42.5	723

[1]Units built 1970-76
Source: Bureau of Census, Annual Housing Survey 1976, United States and Regions, Part A, General Housing Characteristics, Series H-150-76A

uses the family car to travel to and from work;

- Only 313 of the Nation's 20,000 towns with a population of 50,000 or less are served by a public transit system;
- Less than 1 percent of rural persons working outside the home use or have access to public transportation to get to work;
- Intercity bus lines serve only about half of the Nation's towns of 50,000 or less; since 1972, 1,800 small towns have lost intercity bus lines;
- Regulated air service carriers have dropped nearly 200 service points (30 percent of the total served in 1960) in the last 20 years;
- An estimated 60 percent of places with less than 2,500 population have no taxi service; and
- Rural residents must travel farther than their urban counterparts to gain access to medical care and essential social services—for example, 20 percent of rural residents as compared to 10 percent of urban residents must travel more than a half hour to medical care.

These statistics amply demonstrate that there is no progress to report on in terms of the actual passenger transport conditions. However, the following chapters of this report demonstrate that dramatic progress is occurring in terms of action to meet these problems. As a result of this action, subsequent rural development progress reports should be able to document an improved rural transportation situation.

Conclusion

Most objective measures of socioeconomic conditions show that the quality of life has improved in rural America in recent years. Data on population, income, employment, and housing all show that rural persons are better off than in the past. However, data on health care and transportation indicate a worsening situation in terms of access to these essential services. Even data showing progress in the broad income, employment, and housing categories also show a persistence of rural-urban disparity. They also show that "pockets of poverty" remain and that certain groups of people—including minorities, the elderly, and migrant workers—continue to be poorer and more disadvantaged than other rural people. To improve the quality of life for disadvantaged groups, rural development policymakers will need to target their policies carefully. Rural America is extremely diverse and programs must seek out areas and individuals most in need of assistance if they are to achieve their goals.

3. White House Rural Initiatives

The President and key members of the White House staff have been very directly involved in addressing the development problems of people living in small towns and rural areas. They have reached out to learn more about the concerns and needs of rural people from a broad cross-section of rural citizens and those representing rural interests; local and State officials; Federal Cabinet officers, agency heads, and program specialists; members of Congress; and others.

This outreach effort has revealed a striking consensus on the need to:

- Better coordinate and improve the delivery of Federal, State, and local programs in the areas of rural health, housing, water and sewer, transportation, communications, economic development, and energy.
- Formulate a comprehensive national rural development policy to provide a context for continuing problem solving, additional administrative reform, and possibly new legislation.

Both of these basic needs are being actively addressed by key White House and agency staff. This section of the Rural Development Progress Report presents a sample of the initiatives that have and are being taken under the leadership of the White House to improve the responsiveness of Federal, State, and local government to the special needs and concerns of those living in rural America. Both the Assistant Secretaries Working Group for Rural Development, under the chairmanship of USDA's Assistant Secretary for Rural Development, and the Interagency Coordinating Council have assisted materially in the development of these initiatives.

Rural Health Initiatives

Health care was chosen as the focal point of the first of a series of initiatives to make Federal programs work better in rural areas because of the acute health problems and shortages of health care services in rural America.

Three major White House initiatives have been launched to address health care shortages.

Rural Health Clinics

Under a new USDA-HEW agreement, the 5-percent community facilities loans of FmHA are available to underwrite the construction and renovation of primary care health centers in medically underserved rural communities. The health centers built or renovated with FmHA funds will receive operating monies from HEW, and HEW will assure the placement of medical manpower in the facilities. For the first year of the project, FmHA has set aside $25 million for applicants who wish to build or renovate community health centers or migrant health centers. HEW estimates that the 4-year project will result in nearly 300 centers to serve about 1.35 million rural residents.

In the first 8 months after this initiative was announced by the White House, 84 preapplications from 22 States were received requesting $26.4 million in loans. Some $3.4 million was obligated for 14 of these in 8 States, and 19 preapplications were advanced to the formal application stage.

Rural Health Support Staff

Under a new agreement between the Departments of Labor and Health, Education, and Welfare, disadvantaged rural residents will be trained as preventive and health support workers in rural areas. DOL will recruit eligible participants and underwrite training costs, and HEW will provide training and entry-level job placement in community health centers and migrant health centers. Participants will be trained as nurses aides, clinic clerks, transportation officers, environmental health inspectors, health educators, and other positions in allied preventive and health support fields.

The HEW-DOL agreement calls for recruitment and training of migrant and seasonal farmworkers by grantees under Title III, Section 303, of the Comprehensive Employment and Training Act (CETA). Under the initiative, 500 migrant and seasonal farmworkers will be trained to provide preventive health services and then placed in migrant and appropriate health center facilities in their home communities.

Another part of the HEW-DOL agreement calls for placement of Job Corps health trainees from rural areas in HEW-assisted primary care facilities in their home communities. HEW and DOL are developing cooperative arrangements to identify work experience opportunities and available job openings in rural health clinics for Job Corps members trained in the health services field. DOL will supplement the salaries of work experience health trainees for up to 26 weeks under the Job Corps Industry Work Experience Program.

Assistance in implementing this agreement, and the HEW-USDA agreement, will be provided by the National Governors Association (NGA) under contract with DOL. NGA has found that, while States have a great deal of interest in using Federal employment and training monies for health-related training, they have little information about federally financed rural health programs. Under the DOL-NGA contract, NGA will work with HEW, DOL, USDA, and Governors' offices to provide information and to assist in developing rural health service center programs, using Federal employment and training resources. As part of this effort, NGA has completed a Catalog of Federal Health Resources for State and local use in identifying a wide variety of assistance available for health services and facilities.

Rural Health Professionals

During the next several months, the White House will be consulting with those concerned with increasing the supply of health professionals, particularly physicians, in rural areas. The purpose of the consultation will be to examine ways in which all levels of government, the educational community, and the private sector can work cooperatively to improve the recruitment, training, and retention of health professionals in rural areas.

At present, medical education is skewed toward specialized practice and the use of sophisticated technology—both more appropriate to large medical centers than to many small towns and rural areas. The White House, in concert with public, educational, and private leaders will look for ways to reemphasize primary care disciplines and improve training for those students who will practice in rural areas. They will also explore ways in which communities and States can work together to attract and retain medical personnel in sparsely populated areas.

Rural Housing Initiatives

The rural housing initiatives were undertaken to improve the Federal response to rural housing problems through such means as innovative demonstrations to meet special housing needs, use of common regulations and forms to reduce administrative burdens on local people and save taxpayers' dollars, and steps to encourage local small town lending institutions to take a more active role in housing.

Congregate Housing for the Elderly

Under the rural housing initiatives, the President announced on May 4 the commitment of $12.5 million to fund 10 demonstration housing projects to be built as part of the Farmers Home

Administration's national rural congregate elderly housing effort. Under the demonstration, FmHA will make loans through its rural rental housing program to build or renovate housing for senior citizens in 10 sites selected on the basis of need criteria such as the percentage of elderly, minority, and poor population. HEW's Administration on Aging will make grants to provide services needed by the residents to enhance their independence, mobility, and self-sufficiency. These services include meals, transportation, housekeeping, personal care services, and social and recreational activities.

This demonstration will be part of a larger effort of FmHA and AoA to cooperate in implementing a national program for congregate housing for the rural elderly. Through regulations, FmHA will require that each congregate elderly housing project it finances through its Section 515 rural rental housing program have adequate support services plus other accommodations to enable rural senior citizens to have some degree of independence and to prevent premature or unnecessary institutionalization. Developers will be required to consult with social service agencies to obtain assistance in providing support services for elderly residents of the facilities.

In implementing this national program, FmHA and AoA will prepare brochures for developers and other interested groups that identify sources of funds and other assistance related to support services for the elderly.

Housing Agency Coordination

In another phase of the rural housing initiatives, agreements are being developed among HUD, VA, FmHA, DOL, and CSA to:

— Better coordinate site development and construction regulations with a focus on eliminating interagency discrepancies in such areas as the designation of subdivisons;

— Accept each other's inspections;

— Develop and institute uniform forms for such steps as mortgage applications and approvals, property appraisals, settlement statements, tenant certifications, and affirmative fair marketing plans;

— Identify and eliminate administrative barriers to the development and management of multifamily housing projects in rural areas by such means as conducting demonstrations which seek to transfer ownership of projects to community-based organizations;

— Train local residents in housing rehabilitation and maintenance; and

— Work with regulatory agencies to encourage local small town lending institutions to take a more active role in housing and economic development.

Rural Water and Sewer Initiatives

On December 1, 1978, President Carter announced new procedures that dramatically simplify the delivery of approximately $2.5 billion in Federal water and sewer assistance to small towns and rural areas. Participating agencies include the Environmental Protection Agency, the Economic Development Administration, the Department of Housing and Urban Development, the Farmers Home Administration, and the Community Services Administration.

Since that time, multistate training conferences have been held by the Federal Regional Councils to acquaint Federal field personnel and State and local officials with the agreement and to ensure its early and effective implementation.

The agreement calls for the following administrative reforms and simplifications:

- When a community makes contact with any Federal water-sewer agency, that agency will now complete a "community profile form" and send it to the other agencies for review and comment, and then, based on the comments it receives back, arrange for a preapplication conference between the community and all of the agencies which might become involved in a joint funding effort;
- Adoption by FmHA and EDA of a common application form, common reporting and auditing requirements, the letter of credit as a payment method, and standard requirements to be included in contracts between communities and engineering firms;
- Adoption by all the agencies of common criteria for defining "affordable systems"—criteria which take operating and maintenance as well as debt service costs into consideration and which recognize the disparity of income levels among communities;
- Emphasis on "alternative and innovative technology" and cost-effectiveness principles to ensure that facilities are suited to particular community needs and circumstances;
- Single environmental assessments, single A-95

reviews, and single construction inspections for projects funded by more than one agency;

- The use by FmHA, EDA, and HUD of the needs data collected by EPA every 2 years in a national survey; and
- Standardized and simplified compliance requirements with some 16 cross-cutting Federal laws and executive orders (for example, Davis-Bacon and Equal Employment Opportunity), together with single agency determinations of compliance with these requirements.

These administrative simplifications will greatly reduce the paperwork burden placed on grant recipients, speed up the processing time of grant applications, and save local communities and the Federal Government many millions of dollars.

Also involved in the initiatives is the Department of Labor, whose role is to assist in training 1,750 workers needed to operate rural community water and waste treatment plants.

Rural Transportation Initiatives

On June 19, 1979, the White House announced a series of initiatives to improve transportation in the Nation's small towns and rural areas. The measures announced will assist and promote social service and rural public transportation, commuter air service,

branchline railroad rehabilitation, and ridesharing (vanpooling). New initiatives announced include:

Social Service and Rural Public Transportation

- Commitments by various agencies to assist rural public transportation through the training and placement of 1,500 CETA workers and additional ACTION volunteers, arrangements between GSA and the Federal Highway Administration to make several hundred excess or surplus vehicles available to rural transportation providers each year, and the reservation of Farmers Home Administration loan guarantees to supplement DOT and HEW resources in meeting the special capital needs for rural transit problems;
- Agreements among DOT, HEW, CSA, and ACTION to encourage the coordination of transportation services provided by their grantees;
- Cooperative actions by the insurance industry, State regulatory agencies, and the Federal Government to make insurance more available, flexible, and affordable for social service and public transportation providers;
- Measures to dramatically reduce the federally imposed paperwork burden on transportation providers by the accounting, reporting, and billing requirements of social service agencies;
- Cooperative efforts by DOT and HEW to provide technical assistance and training for social service and rural public transportation providers.

Air Service

- An agreement among CAB, FAA, EDA, FmHA, and SBA to coordinate and target over $200 million in newly available grant, loan, and loan guarantee resources of these agencies to commuter airlines wanting to enter rural markets and to small community airports to upgrade facilities. These resources would supplement over $1 billion that the Administration hopes to make available between 1981 and 1985 through a proposed amendment to the Airport Development Assistance Act of 1970. The Administration has also requested $100 million for fiscal 1980 for aircraft loan guarantees by FAA to commuter air carriers (P.L. 95-504). An appropriation of $50 million is available for the guarantees in fiscal 1979.

This agreement will help carry out the mandate of the Airline Deregulation Act of 1978, legislation strongly supported by the Administration in the belief that the air transport needs of rural areas will be better served in the long run by smaller airlines operating with fewer regulatory restrictions than apply to the larger local service carriers or trunk carriers presently providing service. In those cases where the market will not support scheduled airline service, the Act includes provisions for a new subsidy program administered by the Civil Aeronautics Board to:

— Guarantee essential air service for 10 years to small communities presently receiving certificated service and certain others not currently servced; and

— Provide subsidies, if necessary, to any airline including commuter airlines providing guaranteed essential service to small communities.

Branchline Rehabilitation

- An agreement among FAA, EDA, and FmHA to provide grants, loans, and loan guarantees for the rehabilitation of railroad branchlines and to support shippers on those lines given high priority in State rail plans. This initiative represents a major new policy priority in the use of EDA and FmHA funds.

Ridesharing

- New programmatic efforts by CSA's community action agencies, EDA-funded economic development districts, and the Extension Group of USDA's Science and Education Administration to actively support and promote carpooling and vanpooling in rural areas (technical assistance and training materials developed by DOT and DOE will be made available for these efforts);
- Arrangements whereby hundreds of surplus and excess vehicles will be made available to CSA, EDA, and USDA to support increased ridesharing;
- The development of a program by the Economic Regulatory Administration of DOE to assure 100 percent of gasoline needs for vanpools registered with State energy offices during periods of shortage;
- Clarification by IRS that passenger pick-up and maintenance mileage are included as qualified vanpool uses in an effort to strengthen the 10-percent investment tax credit incentive contained in the Energy Tax Act of 1978.
- These initiatives were explained and discussed in a meeting held at the White House for Federal officials, 250 State and local officials, rural transportation providers, and others involved in the provision of transportation services for the Nation's small town and rural residents.

Rural Communications Initiatives

On February 14, 1979, the President announced initiatives designed to overcome isolation in rural areas through modern communications technology. These initiatives emphasize the need to provide financing and other measures to encourage the furnishing of facilities for television and other telecommunication services to rural residents.

Regulatory Changes

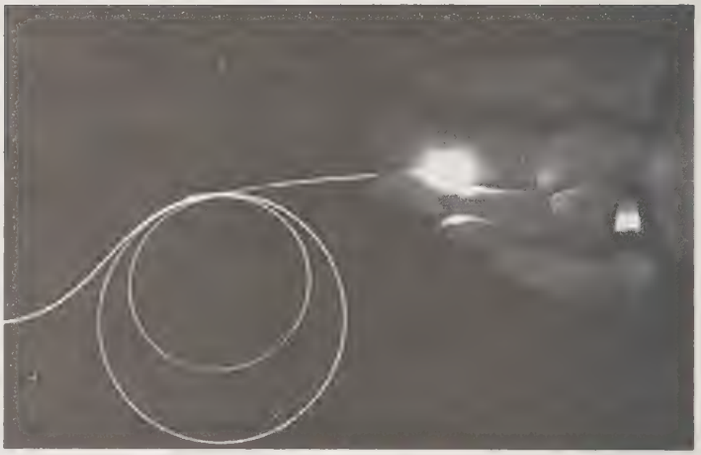
The Department of Commerce's National Telecommunications and Information Administration (NTIA) has encouraged the Federal Communications Commission (FCC) to use its regulatory policies to encourage the growth of rural communications facilities, and the Commission has started several studies or actions on rules changes.

Low Power Broadcasting—At the request of the NTIA, the FCC has opened an inquiry into the future role of low-power television broadcast stations and translators in rural areas. NTIA's filing notes that over a million rural households do not receive adequate service on even one channel of television. More than twice this number receive only one channel of service, and 80 percent of rural households receive three or fewer channels of television service. By contrast, more than 80 percent of urban households receive four or more channels.

The filing requests that the FCC ease legal, technical, and operational requirements which often serve little purpose in rural areas, but which increase costs to the point of making television service inadequate or unavailable. Initial comments from over 70 parties were filed by January 1979. Reply comments will be filed by July 1979.

Cross-Ownership Restrictions—In response to another NTIA request, the FCC has started a rulemaking procedure to eliminate possible impediments to the development of rural cable service by telephone companies in low-density areas. All comments on this action were filed by January 1979, and the FCC is now preparing a report on the proposed new rule.

The Commission's current rule forbids cross-ownership of telephone and cable television systems unless a waiver is obtained. Although the rule benefits larger communities by encouraging competition through multiple service providers, it may have the effect in very small communities of denying service by the only provider willing to serve these communities.



REA is testing optical fibers as a possible replacement for the copper in cables used in broadband communications. Use of the glass fiber would lower the cost of broadband communications and also would help the Nation conserve copper.

The immediate beneficiaries of the proposed rule change will be among the 3.6 million households under the Rural Electrification Administration (REA) telephone programs.

Satellite Earth Stations—The FCC has started examining the costs and benefits of the present regulation of domestic satellite receive-only earth stations. The Commission is considering substantial deregulation of the passive antenna devices by which many broadcasters and cable television systems receive programing. All comments on this issue were filed by March 1979.

USDA Loans and Loan Guarantees

To facilitate the financing of projects to demonstrate the technological and financial feasibility of extending broadband telecommunications systems to serve rural America, the Department of Agriculture has delegated to the Rural Electrification Administration authority under the Consolidated Farm and Rural Development Act for the financing of CATV projects with community facilities and business and industry loans. The transfer of this authority from Farmers Home Administration will enable applicants to obtain required financing by applying to a single agency even when financing under more than one statute is involved.

For the remainder of fiscal 1979, REA will have available $3 million in community facilities loans and $12 million in business and industrial loan guarantees to support the construction of broadband

facilities. These will provide an array of public services in addition to commercial CATV service. Financing can be obtained by telephone systems, independent cable TV companies, and other entities.

To achieve the President's objective of making service available to rural Americans living in the most isolated areas of our Nation, REA will give priority to systems willing to extend service in the lowest density rural areas. Those obtaining financing under this program will be required to provide facilities for leasing to entities providing needed social services such as electric load control, direct utility metering, telemedicine, and recreational and social services for the elderly or shut-ins.

Demonstrations and Training

During fiscal 1979, the Federal Government will provide at least $1.6 million to fund a variety of projects that use innovative telecommunications systems. These demonstrations will test the feasibility and value of these services for application to rural areas throughout the country. Those services that are successful must be incorporated into continuing Federal, State, and local programs or may be offered as commercial services in the private sector, where appropriate.

HEW's Telecommunications Demonstration Program has awarded nine grants totaling $1.075 million, of which six have application to rural areas. These include slow scan television over telephone lines to provide health, education, and information services to isolated rural areas in Maine, Colorado, Montana, Wyoming, Kansas, South Dakota, and Ohio. They also include a communication and data storage system for maintaining up-to-date blood stock information for rural hospitals in West Virginia, Kentucky, and Ohio. Education, information, and reading services will be provided via FM radio and cable for predominantly rural homebound and print-handicapped persons in Virginia.

In addition, HEW and the Community Services Administration have awarded a joint grant to the National Farmworkers Service Center, Inc., to provide a microwave system for delivery of medical, employment, and training services to migrant worker families in rural California. CSA is providing $601,692 and HEW $195,315 for this project.

The Extension staff of the Department of Agriculture's Science and Education Administration and the National Weather Service of the Department of Commerce's National Oceanic and Atmospheric Administration are cosponsoring an experiment at the University of Kentucky which will permit farmers to dial up computer data bases via their telephones and display the information on their television sets. The 2-year, two-county test of an experimental information storage and retrieval system known as "Green Thumb" is funded at about $300,000. The system will make available constantly updated data on weather conditions and crop prices, and will provide recommendations on use of fertilizer and other crop treatment.

Rural Energy Initiatives

In his energy speech to the Nation on April 5, 1979, the President reaffirmed the three basic goals of his energy policy: to increase domestic energy production, to encourage greater energy conservation, and to stimulate the use of our vast technological resources to develop alternative energy sources so that we can reduce our dependence on imported oil. In addition to his announcement of a phased program for decontrolling domestic oil prices, a plan to establish an energy security fund through a windfall profits tax, and additional conservation measures to achieve the goal of a 5-percent reduction in energy consumption, President Carter placed an increased emphasis on alternative energy sources, including gasohol, wood, small-scale hydroelectric, and solar energy.

Included in the rural energy initiatives to provide a more dependable and affordable supply of energy for rural America are:

- An interagency agreement to coordinate the technical assistance and engineering resources of DOE, the Bureau of Reclamation, and the Corps of Engineers with over $300 million in fiscal years 1979-81 grant, loan, and loan guarantee resources from FmHA, EDA, REA, HUD, and CSA for the purpose of encouraging and stimulating the construction of up to 100 small-scale hydroelectric projects by 1981, and up to 300 projects by 1985.
- An agreement among DOE, EDA, and CSA to provide technical and financial assistance for the construction of up to 100 small-scale plants by the end of fiscal 1981 to produce alcohol as a transportation fuel (gasohol).
- A Presidential directive to OSHA; EPA; and the Bureau of Alcohol, Tobacco, and Firearms to coordinate and clarify application, licensing, and other regulatory requirements and procedures, and to thereby dramatically simplify associated reporting requirements as they apply to producers of alcohol as a transportation fuel.
- A $700,000 grant from DOE to the American Public Gas Association to initiate the first phase of a project to test the technical and commercial feasibility of utilizing natural gas from coal or shale in six demonstration communities (the total grant—subject to successful completion of the first phase—is $3.8 million); if the pilot projects demonstrate that dependable gas supplies can be produced for residential, commercial, and industrial uses from these "unconventional" sources at competitive prices, FmHA, REA, EDA, and other agencies will provide grant, loan, and loan guarantee assistance to eligible applicants to develop this abundant resource for local community and economic development.
- Allocation of $1.25 million in DOE and EDA grant funds to as many as 20 rural economic development districts to develop integrated economic development/energy plans, and to give special attention to the potential of utilizing alternative energy sources (for example, hydropower, natural gas from coal, and wood-fired power generation) and energy conservation to stimulate development and create jobs.
- A set-aside of 1,000 slots from DOL's CETA program for each of the next 2 fiscal years (1980 and 1981) and establishment of special training programs to place economically disadvantaged rural youths in jobs created by the construction of small-scale hydroelectric, gasohol, and unconventional gas production facilities.

Besides seeking to stimulate the development of alternative energy resources, these initiatives reflect the strategy, implicit in the President's April 5 energy speech, to encourage a decentralized and dispersed approach to energy development. The aim is to enable individual communities, industrial parks, farmers, farmer cooperatives, and other small-scale users to develop local energy resources for local utilization. This approach, which focuses on local initiative and which is designed to test the viability of alternative technologies, is expected to help many rural communities achieve dependable and affordable energy supplies and, in the aggregate, to play a significant role in reducing oil imports.

In addition, special measures are being taken to assure adequate supplies of natural gas, diesel fuel, and gasoline to farmers and rural Americans who have a special dependence on these energy sources for their livelihood. These measures include the following:

- Under DOE's Economic Regulatory Administration, 4 percent of middle distillate fuels (including diesel fuels) planned for delivery into a State must be set aside for redistribution by participating States to meet energy and hardship needs. Suppliers have been requested to give first priority to agricultural requirements for diesel fuel, with remaining supplies to be prorated to other customers. If necessary, Presidential action will be taken under standby authority in the Emergency Petroleum Allocation

Regulations to ensure adequate diesel supplies for essential agricultural users; and

• Reallocation by the Economic Regulatory Administration of gasoline supplies among major suppliers to ensure that the needs of agriculture and farm markets continue to be given the highest user priority, and establishment of relatively larger percentages of gasoline supplies in the State ration reserve for those predominantly rural States where residents are highly dependent on the automobile and must drive longer distances than their urban counterparts.

Rural Initiatives for Federal-State Cooperation

The Administration has sought to bring States and localities into full partnership with Washington in meeting the needs of small town and rural America.

FmHA-State Coordinated Investment Strategies

To help meet this objective at the State level, the Farmers Home Administration—with White House Leadership—has signed agreements with seven States to work together in a coordinated process to support State and local priorities where these do not oppose national goals. The seven States are North Carolina, Florida, Arizona, New Mexico, New York, Arkansas, and Vermont. Negotiations are underway in at least four other States as well.

Typically, the agreements provide a framework for targeting FmHA, State, and private investments in rural areas on a statewide basis and in support of the States' growth and development strategies. FmHA also works to assure the cooperation of other Federal agencies in implementing the investment strategy and in funding projects established as statewide priorities.

Rural Development Planning Support

In one of the partnership States—North Carolina—FmHA currently spends some half a billion dollars for loans and grants for housing, community facilities, and other rural development programs. Thus, the agreement to coordinate investments represents a major step in using Federal resources in line with needs expressed by local people. To assist the State in implementing its strategy, FmHA has awarded it a $50,000 planning grant under the Area Development Assistance Planning Grant program. The grant funds are being used to develop mechanisms for focusing State and Federal resources, including FmHA's, on

the needs of communities under 10,000 population. These grant funds will also allow the State to survey the technical assistance needs of rural local government and to examine the service delivery role of counties, the incentives which can be used to attract agricultural-related industry to rural areas, and the role of rural transportation programs.

HUD Rural Housing and Community Development Initiatives

The Department of Housing and Urban Development has also selected North Carolina as one of two demonstration States to work on the elimination of barriers that rural communities face in obtaining Federal housing and community development resources. (The other State selected is Washington.)

HUD will fund a five- to six-person rural development team (comprising community development, housing, and equal opportunity specialists) to work out of a HUD field office in North Carolina with the State government, local communities, housing developers, and finance institutions to expedite the flow of HUD resources to small towns. The team will seek to simplify forms, provide extra technical assistance, delegate to the field certain centralized responsibilities, and develop low-cost minimum property standards. The goal is to assure that the $595 million in HUD housing and community development funds allocated for rural North Carolina will be used efficiently and in line with community needs.

In addition to the funds for the HUD field team, $340,000 in grant monies and up to 1,500 units of low-income housing will be made available over a 2-year period to participating communities, substate regional bodies, State-level organizations, and/or State agencies and local governments. The monies will be used to build the capacities of these governments to identify and use HUD programs. This entire effort is designed to parallel the State's own housing and community development plans developed as part of the balanced growth strategy and will operate in connection with such State strategies.

As part of the initiative, it is projected that a "rural builders" program and targeting of HUD insured and assisted housing programs can provide incentives promoting an increased involvement of local builders and financial institutions in meeting rural housing needs. At the same time, increased HUD-FmHA-VA coordination will be devoted to the development and application of more uniform procedures and housing standards. The demonstration experience will provide a comparison of alternative delivery mechanisms for implementing HUD programs in rural areas.

Rural Economic Development Initiatives

As part of its rural initiatives, the White House is leading an economic development demonstration program based on the recognition that Federal construction projects can have a significant impact on human, economic, and community development. Only rarely have such rural Federal construction projects been harnessed to assure substantial and lasting benefits for project area residents:

- Construction jobs have too often gone to workers brought in by the contractors, because recruitment and training of local workers was not made a high priority.
- Small and minority businesses have been frustrated in their efforts to obtain construction-related procurement contracts.
- Outreach, training, and placement resources of federally funded services such as State employment offices, CETA prime sponsors, and community action agencies have been underutilized.
- Project planning has not been linked to State and local economic development planning and has

failed to support community planning efforts to mitigate adverse impacts.

On March 15-16, 1979, the White House held a working conference to explore the prospects of organizing an intergovernmental effort to capitalize on construction-related development opportunities in rural areas. Approximately 70 representatives from Federal agencies, State and local government, rural interest groups, minority and community-based organizations, and labor organizations participated in this 2-day conference.

Building on the insights and recommendations that emerged from the conference, the White House will launch a national demonstration program to implement a development strategy in connection with 5 to 10 major Federal construction projects. The overall goal is to better use existing Federal commitments to major construction projects to provide greater benefits to the people of the rural areas in which they are located. Specific goals are to identify and institutionalize ways to see that public works construction encourages economic growth and raises living standards in the impacted areas. Three areas of special concern will be addessed:

- *Employment*: To maximize the employment of persons who live in the project areas, especially minorities, women, and the economically disadvantaged;
- *Small Business/Minority Business Development*: To maximize the use of project area small/minority businesses in the procurement of project-related goods and services, and in long-range economic growth and activities;
- *Community Development*: To mitigate adverse impacts of project construction on community services and facilities, and to improve the living environment.

Rural Development Policy

This Administration has taken a number of steps to make existing Federal rural development programs work better. This has been done at a time when rural areas as a whole are experiencing rapid growth and development, causing problems of unplanned rapid growth in some areas but also reversing decades of rural outmigration and economic stagnation. At the same time, rural Americans still experience a disproportionate concentration of poverty and other pressing human problems.

A chronic problem that the White House has directed its efforts to is the maze of Federal grant assistance applications, requirements, eligibility standards, audits, and deadlines that have burdened small town and rural officials and have made it nearly impossible to address rural problems effectively.

The White House initiatives that address this problem are part of the groundwork for the formulation of rural development principles and goals flexible enough to effectively meet the diverse needs of rural and small town America yet directive enough to meet them within the framework of national objectives. The White House has sought and is continuing to seek advice and assistance in this effort from a variety of sources. These include:

- Congressional leaders
- The Congressional Rural Caucus
- Rural interest groups and field visits to rural residents
- Cabinet officers
- The Office of Management and Budget

Conclusions and recommendations from these consultations and experience from the White House initiatives are being used to form the basis for a set of overall rural development principles and goals to guide the future actions of the Administration. As the President said in announcing his plan to articulate these principles, in his January 1979 State of the Union message, they will provide focus, direction, and priority to the myriad of separate Federal actions and policies, so that we can more effectively work to:

- Overcome the problems of rural isolation;
- Promote economic development;
- Meet basic human needs;
- Protect the quality of rural life;
- Assure equity in the administration of Federal programs for which rural Americans are eligible; and
- Build a more effective partnership among Federal, State, and local governments and the private sector in meeting locally defined rural development priorities.

Furthermore, these principles will also be addressed in major Administration initiatives for the entire Nation. Specifically, the Administration will make certain that the rural perspective is considered as initiatives are developed in such areas as welfare reform and a national health plan.

4. Farmers Home Administration Initiatives

Introduction

In August 1977, Secretary Bergland merged the Rural Development Service into the Farmers Home Administration as part of a larger effort to streamline and consolidate USDA's management structure. In the rural development context, the step was designed to enable the Assistant Secretary for Rural Development to use the leverage potential of FmHA's $16 billion investments (estimated fiscal 1979 level) to more effectively carry out the leadership and coordination mandate of Section 603 of the Rural Development Act of 1972. The merger led to the placement of staff responsibility for Section 603 within FmHA and provided FmHA with a rural development policy management capability. These decisions have assisted FmHA in converting into a development agency that can focus its resources on high priority rural problems identified by the Administration, and influence others to adapt a similar focus.

To change the direction of FmHA, the agency has established four overall policies:

- To target agency resources to the most distressed communities and population groups and to the most critical functional problems rather than spreading resources thinly across a broader range of problems. Target areas and populations of particular concern to FmHA include the poor; the unemployed; disadvantaged blacks, Indians, and Hispanics; women; the elderly; very young adults; places that have been losing population for some time; places with seriously inadequate public services and facilities; and places where overly rapid population growth is causing serious deficiencies in public service levels.
- To place high priority on the development of cooperative arrangements with other Federal, State, and local agencies as well as with community-based organizations, public interest groups, and others in order to resolve problems of coordination and facilitate the development of joint investment strategies.
- To use FmHA funds to induce other public and private sector institutions to channel more investments to the most critical rural problems.
- To meet rural needs better by improving FmHA program services and cost effectiveness rather than by relying on increased program expenditure levels.

In other redirection actions, FmHA has:

- Changed the agency's substate district boundaries to correspond to formally recognized substate planning and development district boundaries, and transferred loan-making authority for community programs and multifamily housing programs from county to district level offices. These changes allow FmHA activities to be more closely coordinated with related rural development activities within the districts. They also reinforce agency policy that district directors will work closely with substate and local government personnel.
- Established six area (multistate) coordinator positions to help implement new agency policy directions by improving coordination between the FmHA national office and State directors.
- Undertaken efforts to expand FmHA personnel's understanding of the agency's development role and to provide needed orientation and support to others whose work affects rural development. To this end, FmHA has:

  — Initiated specific rural development orientation and training efforts to help more than 1,000 of its employees understand and take on their new development responsibilities. More than 600 district personnel, all State office program personnel, State directors, and national program heads participated in these efforts. In national workshops at St. Louis and Denver, for example, FmHA State and national office program administrators have focused on rural development and how FmHA can reach the most distressed and disadvantaged and make its investments be more responsive to State and local priorities.

  — Planned further rural development training for district directors and assistant district directors; substate, State, and local representatives of government; community-based organizations; and the private sector to expand the agency's developmental effectiveness.

The remainder of this chapter discusses additional FmHA initiatives taken to implement its new policies and redirection emphases as well as several new initiatives mandated in recent legislation. As a context for the discussion, it should be noted that by June 30,1979, about $6.5 billion of the FmHA program budget for fiscal 1979 had gone for farm operating, ownership, emergency, and other agriculture-related loan programs. Some $4.9 billion had been used for elements of rural development other than agriculture: housing, water and sewer facilities, other community facilities, and business and industrial development. Of this $11.4 billion total, about 93 percent has been in the form of loans

to be repaid with interest. Historically, these programs have experienced a loss rate of less than 1 percent.

These resources are deployed through a staff of approximately 8,000 permanent full-time employees, including those in 46 State offices, a planned total of 302 district offices, and more than 1,800 county offices serving every county or parish in the 50 States plus the Pacific Trust Territory, Guam, Puerto Rico, and the Virgin Islands.

Policy Management Support

The explicit provision of a small FmHA staff to provide rural development policy management support—to the agency and to the Assistant Secretary for Rural Development for his efforts within USDA as a whole as well as for his work with the White House—is an important but less visible rural development initiative of the Department. Policy management support in the form of research is utilized to identify the most severe rural problems and the most distressed rural areas, and to improve analytical tools program managers can use to target resources to these problems. Staff support also provides technical assistance to those negotiating joint investment agreements. Finally, policy management support in the form of informed rural advocacy helps ensure that problems stemming from the widely differing rural settings, the smaller scale of rural communities, and the dispersed settlement patterns of rural areas are adequately addressed in legislative provisions and Federal program regulations and guidelines.

Research

National policymakers need to be fully aware of the multiple ramifications of rural development problems and policies, including their effects on urban and national development. Because of severe gaps in data availability and research coverage of topics needed to make these judgments, FmHA has instituted a series of mission-oriented research studies, as well as an effort to stimulate the research community's interest in nationally significant rural problems. The agency has used USDA's research capability to the maximum extent possible and has supplemented these efforts with those of the policy management staff and part-time consultants and contracts.

In addition, the Housing and Community Development Act amendments of 1978 required that FmHA conduct three studies:

1. A study is underway to determine the approximate number of rural households without access to sanitary toilet facilities and/or potable water. Data from FmHA, USDA's Economics, Statistics, and Cooperative Service, the Council on Environmental Quality, EPA, and other sources are being collected and interpreted by a consultant under contract to FmHA. The final report to Congress will include a cost estimate for providing these necessities.
2. A request for proposal has been issued for a study on the costs and nature of problems related to remote title claims and encumbrances and the impact this legal problem has on the ability of limited resource and minority landowners to retain possession of their property. At present, FmHA is usually precluded from making loans to landowners with title encumbrances.
3. A study of the housing and housing needs of migrant and settled farm laborers is being planned. A contractor will be selected from a list of Small Business Administration certified minority applicants.

Technical Assistance

Joint investment agreements between Federal departments and agencies or between Federal and State or local agencies require a substantial staff effort in identifying opportunities for cooperation, conceptualizing the nature of the joint effort, encouraging support for action on the part of managers of the involved programs, and resolving the many technical and negotiating problems usually encountered before an agreement can be signed. Provision of these kinds of support is one of the major policy management support functions in the redirected Farmers Home Administration.

Rural Advocacy

Rural advocacy is a critical element of the rural development leadership efforts of FmHA as mandated by the Rural Development Act. These efforts are aimed at identifying and focusing greater attention on specific rural problems and needed programmatic actions; elevating public understanding and political action regarding rural America's situation to the level that equity demands; and identifying specific hinderances to rural development, such as legislative initiatives and funding formulas that lack adequate rural/urban balance. FmHA staff members also serve as rural advocates in support of new Administration policies. Under this Administration, they have performed this function with regard to a number of initiatives that are significant for rural people and

were either originated or firmly supported by the Administration. These include the Rural Health Clinic Services Act of 1977 and rural-specific provisions in the 1978 amendments to the Older Americans Act and the Housing and Community Development Act; the Surface Transportation Assistance Act of 1978; the Airline Deregulation Act of 1978; and CETA legislation.

The agency's rural advocacy work also includes essential and close interaction with other groups to help better define the problems and possible solutions. For example:

- The agency now conducts quarterly meetings with public interest groups to provide them a forum with the FmHA administrator. All known rural advocate groups are invited to participate. Separate sessions with the farm interest and housing interest groups are also held.
- FmHA sponsored a national strategy meeting on rural aging held in early 1979 in Des Moines, Iowa. The meeting was convened by the Iowa Lakes Area Agency on Aging and the National Association of Area Agencies on Aging. A principal outcome of the meeting was the formation of a national rural aging coalition that will serve as the focal point for implementing the conference's recommendations. Interagency funding to support the coalition is coming from the Community Services Administration, HEW (Administration on Aging), and the Department of Labor.
- FmHA, Extension, HEW, DOT, and the nine States in Federal regions VI and VII sponsored the first National Rural Emergency Medical Services Symposium, held in May 1979 in Oklahoma City. The symposium led to the development of the Mid-America States Rural EMS Council. Also, in conjunction with the symposium, the U.S. House of Representatives Select Committee on Aging held hearings in Oklahoma on the problems of senior citizens gaining access to emergency medical services.
- FmHA identified job placement opportunities in USDA operations around the country for participants in the four Department of Labor Rural National Welfare Reform Projects.

Targeting

Farmers Home has a moral commitment to better serve low-income people and a practical commitment to reduce inflation by making better use of its limited funds. Thus, the agency has determined that it will target its resources to the maximum extent feasible to the most distressed rural people and communities.

A significant impetus to this new policy was a study of rural housing conditions and strategies that the President, during 1977, requested that USDA and OMB undertake. FmHA and others in USDA, with the assistance of OMB and HUD, completed the study—"Alternative Rural Housing Program Strategies for FY 1976 to FY 1980"—in early 1978. The study demonstrated the need for FmHA to target its rural housing programs to very low-income senior citizens and families, particularly those living in substandard housing. The study also provided the impetus for a number of actions serving low-income people, including:

- The basis for increased appropriation requests for the Section 504 home repair loan and grant program, the Section 514/516 farm labor housing loan and grant program, and the Section 523 self-help technical assistance program, and
- The thrust to change agency regulations to accommodate targeting FmHA services to low-income and minority recipients.

Certain programmatic constraints that are not undesirable in themselves limit the degree to which FmHA can currently target its resources. Agency task forces are reviewing program guidelines to identify regulatory and procedural changes needed to reduce or remove these programmatic obstacles to effective targeting.

Severe data constraints to targeting are also being addressed through such means as a study in process to develop better means of measuring the need for FmHA programs. This Needs Assessment Capability Study, being conducted under contract by the Census Bureau and a private firm, is developing empirical measures of program needs for each FmHA program based on indices agreed upon by panels of experts in each region of the country. These measures will subsequently be tested and refined. These refined measures of needs should be available for the fiscal 1980 targeting process. The agency, nonetheless, is proceeding with a number of actions to carry out the policy of targeting, as indicated below.

State Plans

In addition to basing State fiscal 1979 fund allocations on more refined criteria reflecting the agency's targeting policy, the national office established program investment objectives directed toward increasing participation in FmHA programs by the most disadvantaged rural people and distressed communities for each program, and directed each State office to establish State investment objectives that meet or exceed national objectives wherever feasible. To assist State directors in preparing their State investment plans, the national office supplied a variety of county level data to enable investment decisions that consider need as well as demand. These include estimated unemployment rates for the most recent available year and quarter; data on recent population changes, per capita income, and income estimates by minority status; other data on minority populations; and data on families living in substandard housing, number of farms, and tenure of farm operators (owners, renters, tenants, etc.).

In addition, State directors have been encouraged to gather additional data and information on their States. All State directors are to make use of these kinds of data as they establish their targets and identify specific operational goals that they need to emphasize within their States.

Outreach

FmHA field staffs are being encouraged to engage in or provide for outreach to distressed communities and disadvantaged people since those most in need are often least likely or able to apply for assistance. An important task of the State directors in the development of their State plans is the assignment of the most staff to counties and districts with particularly large distressed populations. The aim is to give all eligible rural people opportunities to participate in agency programs, while making special efforts to overcome the previous lag in applications from populations or areas with the greatest need.

Even with special efforts to locate staff where need is greatest, the agency itself cannot in every case provide the type of sustained, person-to-person service necessary to reach the very needy. A pilot project in northwestern Louisiana is using a federally funded community-based organization to perform the needed outreach for FmHA in three parishes. The strategy is working so well that the plan is now being promoted throughout the South Central region of the country.

A Sitka, Alaska, supermarket owned and operated by V. Mardelle Westover and her daughter, Carolyn Hammack, was constructed with a loan guaranteed under the FmHA business and industry loan program. With the entrepreneurs are Sen. Mike Gravel (left), Deputy Assistant Secretary of Agriculture for Rural Development Henrietta Singletary (center), and FmHA State Director John Roderick.

Intensive training for FmHA State Indian coordinators and other recent actions to strengthen each State's FmHA Indian outreach program are also representative of the agency's efforts to increase services to the disadvantaged. Additionally, in two States with particularly large Indian populations, the Indian coordinator will be supplanted by a reservation programs specialist, who will work full time in coordination and outreach. In another State, with four reservations, an FmHA Office of Indian Affairs will be established, with the director having full authority for handling and approving FmHA loans or grants to all Indians in the State as well as for engaging in special outreach efforts. The establishment of this single office for Indian reservations will also provide a central point for the development of joint investment strategies with EDA, EPA, the Bureau of Indian Affairs, and other institutions with development resources.

Additional Actions

In addition to taking the agencywide targeting actions previously discussed, Farmers Home has taken the following steps to assist disadvantaged population groups and distressed areas through individual programs:

- Targeted, for the first time, $50 million for women and $50 million for minority group members under the business and industry guaranteed loan program for fiscal year 1979.
- Targeted $100 million of the B&I loan guarantee funds for fiscal 1979 for modernization and upgrading of rural business centers. Small retail operations in rural communities of less than 10,000 population will be emphasized in this new effort to stimulate economic development in rural communities with depressed or out-of-date business centers.
- Targeted an additional $100 million for job-producing enterprises in deeply depressed areas.
- Implemented a new "limited resource" loan program for farm families whose farm operations and resources are so limited they cannot afford the regular interest rates for FmHA farm operator or real estate loans.
- Implemented a new rental assistance program that will provide rent subsidies in 1978 and 1979 to nearly 43,000 rural low-income families to enable them to live in FmHA-financed rental and labor housing projects. Through the rent subsidies, which are made to families whose housing costs exceed 25 percent of their adjusted income, more low-income people are being given access to rental housing in rural areas.
- Increased the proportion of Section 502 housing funds lent under subsidized interest rates from 63

percent in fiscal year 1978 to 70 percent in fiscal year 1979.

- Implemented August 1978 legislation that increased from 50 percent to 75 percent the share of project costs paid for by FmHA water and waste project grants. This change, implemented October 1, 1978, allows more distressed rural communities to participate in the program.
- Revised regulations for the Section 515 rural rental housing program to extend eligibility to the handicapped. Filed on May 11, 1979, the final rule now allows the program to provide for housing especially designed for the needs of both the elderly and the handicapped. The program is being expanded further in fiscal 1979 to permit financing of congregate housing whose developers provide for group supportive services to enable independent living by tenants needing these services.
- Increased the amount and percentage of subsidized Section 515 rental housing funds that serve low-income renters; the percentage of subsidized funds was 94 percent as of May 1979.
- Increased the level of Section 504 low-income housing repair loans and grants from $24 million in fiscal 1978 to $43 million in fiscal 1979; Section 514 loans and 516 grants for the farm labor housing program from $17.5 million to $71 million; and Section 523 self-helf technical assistance grants from $9 million to $13.5 million.
- Revised "good credit history" application procedures to ensure equal credit opportunity availability without discrimination.
- Under leadership of USDA's Native American coordinator, a position placed in FmHA in 1978, sponsored with other USDA agencies, the Community Services Administration, ACTION, and the Bureau of Indian Affairs a national Indian agriculture conference in February 1979.
- Intensified efforts to identify opportunities for targeting on functional problems with other agencies. For example, under a recent FmHA-EPA agreement, FmHA is giving high priority to water treatment systems assistance to communities identified by EPA as needing assistance to meet requirements under the Safe Drinking Water Act.
- Placed new emphasis on the moratorium provision of the Section 502 rural housing program, which helps low-income borrowers experiencing temporary economic difficulty to remain in their homes, and revised the regulations to expand eligibility. The provision allows loan payments to be temporarily

suspended when medical problems, loss of jobs, or other emergencies prevent payment.

• Accelerated the recycling of acquired housing property as an additional way to help low-income home seekers obtain a home. Since recycled housing is generally less costly than comparable new construction, acquired property provides housing at an affordable cost to those with greatest needs.

• Published final regulations on June 22, 1979, for implementing the Technical and Supervisory Assistance Grant Program authorized by Section 525 of the Housing and Community Development Act of 1978. This $2.5 million program will enable public and private nonprofit organizations to help low-income families become aware of and apply for available Federal, State, and local housing assistance in rural areas. It also will provide financial counseling to low-income homeowners experiencing serious problems in meeting home mortgage payments. Some $1.5 million of the $2.5 million will be targeted to the 15 States that have the greatest need as evidenced by the incidence of poverty-level income and substandard housing.

• Began assisting farmers with limited resources, as well as other farmers facing economic distress, by offering economic emergency loans under a new $4 billion program authorized under the Agricultural Credit Act of 1978. The program will run through May 15, 1980, to assist farmers caught up in unmanageable debt due to economic conditions beyond their control, with results that cause hardships to rural communities as well as the farmer.

• In support of the Secretary's commitment to assist limited-resource farmers and farmers in distress, FmHA also has:

— Directed State directors to target at least 25 percent of their fiscal 1979 farm ownership and operating loans to limited-resource farmers. This should result in over $400 million in loans to this sector; a substantial increase in the percentage of loans to minorities and women is also expected.

— Directed that special consideration be given farmers unable to make payments on existing FmHA loans because of severe economic or other emergencies. Under this directive, payments have been deferred, extended, postponed, or otherwise stretched to enable farmers with a reasonable capacity to stay on the land.

• Farmers Home also had a lead role in the USDA-CSA 1978 small farm conferences discussed in the following chapter on USDA initiatives.

Joint Investment Strategy Agreements

FmHA has been implementing and carrying out this Administration's objectives of establishing closer working relationships with State, substate, and local governments. The Assistant Secretary for Rural Development advised the Governor of each State of the State FmHA allocation for fiscal 1979 and asked the governors to work with FmHA in pursuit of many of its objectives. This action was followed up by the FmHA administrator in an address entitled "An Invitation to the States" given at the national meeting of the Council of State Community Affairs Agencies. The invitation has also been reiterated in numerous informal exchanges with the National Governors' Association. Specifically, FmHA has stated that it wants its investments to reflect State and local priorities for development, providing these are not inconsistent with FmHA's national priority to serve the disadvantaged and such national policy considerations as retention of prime farmland and protection of the natural environment.

State directors have been asked to include in their State plans opportunities to convert FmHA program resources into a leveraging tool to induce joint rural development efforts with the States and units of government below the State level. To generate these joint investment strategies, FmHA State directors are being encouraged to establish direct communication with the Governors' offices, industrial and economic development authorities, departments of community affairs, and other State government officials responsible for State community and economic development programs.

In addition to the joint investment strategies developed with States and discussed in the chapter on White House initiatives, a joint agreement has been reached with the Appalachian Regional Commission. This agreement formalizes an existing cooperative relationship in order to further the implementation of FmHA's new policy thrusts. The ARC is responsible for a significant part of the local development efforts of 69 local development districts (LDD's) comprising 397 counties in 13 States. Through its annual action program, ARC brings together public and private representatives, working through the LDD's, to formulate strategies and program and project funding priorities. Under the new agreement,

FmHA State directors, district directors, and county supervisors will take State and local priorities fully into account not only to avoid unnecessary and costly fragmentation of efforts but also, through cooperative efforts, to multiply the effectiveness of FmHA outlays.

In each of the ARC States, the FmHA State director and the Governor's alternate to ARC will constitute a task force to carry out complementary approaches to rural development. For example, ARC will provide technical assistance to FmHA-funded housing and community facilities programs and projects. FmHA field personnel will serve on LLD-sponsored technical advisory committees. And ARC and FmHA will supplement loans and grants made by the other in industrial development and community facilities. The task forces will also explore the feasibility of establishing a development training program for LDD, local government, and FmHA field staff.

The partnership that FmHA has established with this multistate organization will complement any individual FmHA agreements that the agency makes with the ARC-member States. The FmHA/ARC cooperative arrangement adds to the ability of both agencies to fulfill their own mandate without relinquishing their prerogatives or responsibilities.

Farmers Home is also pursuing the joint investment strategy approach with Federal departments and agencies at the Washington level to ensure that maximum developmental benefits of available resources are realized. In addition to joint investment strategies discussed under the White House initiatives (chapter 2), FmHA and other agencies are implementing the following:

- An FmHA-DOL agreement for FmHA to provide construction job placement opportunities in FmHA-financed projects for low-income jobless family breadwinners being assisted in a $3.8 million DOL program for AFDC, WIN, and related program participants.
- An FmHA-HUD agreement to demonstrate improved delivery of rural housing and community development assistance. The focus is on delivery of rural housing assistance to disadvantaged populations and delivery of community development aid to distressed communities by channeling Federal program funds through States or using the funds in conjunction with State government resources.

California, Colorado, Illinois, and West Virginia were selected from among 34 applicants to participate in the 2-year demonstration, which HUD is funding for $3 million in grants and FmHA for $46.2 million in loans. The demonstration targets on five geographic areas with a sizable low-income population and a high proportion of inadequate community facilities and substandard housing. The total population served is about 580,000.

The demonstration strategy focuses on providing person-to-person housing outreach to individual households and providing intensive community development technical assistance to local governments. The cooperating State agencies have marshaled additional resources from the Department of Labor, the Environmental Protection Agency, the Economic Development Administration, the Community Services Administration, and the Department of Energy. Participating State agencies providing technical assistance to local governments have also attracted HUD Community Development Block Grant funds into communities which had not previously participated in the grant program. The technical assistance to local governments has also emphasized helping the governments to use FmHA and HUD resources in a complementary fashion with CSA, DOL, and DOE resources for housing repair and neighborhood improvement.

- An FmHA agreement with the Commerce Department's Office of Minority Business Enterprise (OMBE) to stimulate minority business in rural areas and small cities. Under the agreement, Commerce Department personnel and staff of Commerce-supported local business development organizations will be trained in specifics of the FmHA business and industrial guaranteed loan program and will provide expert assistance to rural minority people in planning, organizing, and operating sound business firms funded by the FmHA-guaranteed loans. Most enterprises resulting from FmHA-OMBE cooperation will involve black and Spanish-speaking applicants in small communities of the Southeast and Southwest, but advisory assistance from business development organizations will be available around the country to applicants who meet the requirements of FmHA's guaranteed loan program.
- A joint FmHA-DOL initiative to train and place farm laborers in jobs rehabilitating public housing facilities for farm laborers and rehabilitating and weatherizing farmworker-owned housing. DOL is providing $6 million in CETA training and placement monies, and FmHA is providing loans for the rehabilitation work.
- An FmHA, DOL, and Community Services Administration agreement to assist rural youth through a job training/housing rehabilitation pro-

gram. In this 2-year project, 500 rural youths are being given construction job training by DOL while rehabilitating homes for low-income families under FmHA's Section 502 and 504 housing programs. With $5 million in CETA monies, $1 million from CSA, and $5 million in FmHA loans, the project is expected to result in the rehabilitation of about 1,000 homes.

- An FmHA memorandum of understanding with the Farm Credit Administration to provide for stretching FmHA funds to reach a larger number of farm families through use of both agencies' funds to assist a family. The memorandum also provides methods for exchanging appraisal reports, simplifying title clearance, and servicing of participants' loans.

- An agreement among FmHA, USDA's Extension Group, CSA, and DOL to conduct an agricultural entrepreneurship demonstration project that will create, support, and evaluate agricultural training institutes for unemployed rural youth. The project intends to demonstrate that agricultural entrepreneurship is a viable career objective for unemployed young people in rural areas, and that idle farm resources can be used to generate employment and income in depressed rural areas. The institutes will provide training in agriculture and related fields, such as marketing and supply, educational services, and career counseling, to disadvantaged youth, while producing marketable cash crops that will generate revenue for the continuous operation of the institutes. Approximately $4 million in fiscal year 1980 Federal funds will support the projects in five demonstration sites.

Service Delivery and Program Improvement Measures

In addition to taking the major redirection actions discussed previously, FmHA has taken numerous steps to improve program delivery, cost effectiveness, and responsiveness to current and emerging rural needs. For example, under the present Administration, FmHA has:

- Implemented a major restructuring of its field system to transfer responsibilities for multifamily housing, water and sewer, and community facilities programs from county offices to district offices. This is allowing county office personnel to devote full attention to serving rural families seeking housing or farm loans and to engage in more outreach to the lowest income people among the eligible population. It is also concentrating expertise at the district level for handling the more multifaceted, complex loans. B&I loans will continue to be approved in the State offices but will be processed at the district level. Consideration is being given to having the program administered at the district level in the future.

A welder filling one of 300 jobs created by an FmHA business and industry loan to finance establishment of a coal car repair company in Edgemont, S.D.

• Joined a Departmentwide effort aimed at making all USDA agencies' policies and actions consistent with the Secretary's October 1978 land-use policy. In this regard, the Michigan State FmHA office announced on February 5, 1979, that FmHA will no longer make any loans in that State that will unnecessarily convert agricultural, timber, and wetlands to other uses. The agricultural land preservation part of this policy is not limited to prime land but rather applies to all cropland and potential cropland. Further, the Michigan office will support "only appropriate growth in appropriate areas consistent with development strategies established by Regional Planning Commissions."

• Begun to develop computerized programs and related training courses for field staff for better determining the cost effectiveness of various types of construction proposals. Initial activities have focused on cost-effective design of water and sewer systems to reduce overdesign, which wastes Federal funds and places a continuing burden on borrowers.

• To accelerate the processing of loan and grant applications, instituted the Rural Community Facility Tracking System (RCF), which will provide improved information on current rural community facility projects and historical data about applicants. The RCF system will provide information needed by management at the county, district, State, and national levels for water and waste loans and grants, community facility loans, business and industry loans, and industrial development grants.

• Developed a pilot computer program to assist industries in identifying federally financed industrial sites in rural areas which meet their needs for new plant locations. Use of the Computerized Industrial Site Referral Service (CISRS) by industry will improve USDA's rural development efforts by assisting FmHA in dealing with the critical problems of creating rural employment opportunities. Qualified firms that have selected sites using CISRS may apply for FmHA business and industrial loan assistance in establishing their new facilities on the sites. During a 1-year test period, CISRS will provide industrial data on Arizona, New Mexico, Nevada, and Utah.

Business and Industrial Program

To increase the effectiveness and responsiveness of the business and industrial loan program, FmHA has taken such steps as the following:

• Developed with the American Bankers Association a guaranteed lenders handbook to provide

procedures for use of the secondary market for guaranteed loans and thus increase bankers' participation in the guaranteed loan program.

• Contracted with an appraisal firm to provide training to FmHA B&I loan officers in industry analysis for nursing homes, lodging, textiles, manufacturing, and other industries of growing importance in the agency's B&I loan program.

Community Programs

Among the many initiatives to improve services in community programs (water and sewer programs and other community facilities programs) have been the following:

• FmHA has awarded a major contract for an inventory of existing community facilities in rural areas and the minimum acceptable level in each State for each type of facility.

• FmHA has developed a manual for assessing the financial feasibility of applications submitted for rural hospitals, nursing homes, and ambulatory clinics. The manual is designed to be used in the normal loan review process to increase the capability of loan officers in making judgments on the feasibility and cost-effectiveness of proposed health facilities.

Housing Programs

To improve and expand its housing loan services, FmHA has:

• Supported legislation authorizing funds to compensate borrowers for construction defects that are not rectified or paid for by the contractor. For fiscal year 1979, $1 million was appropriated. FmHA has requested $5 million for fiscal 1980. This assistance will be particularly helpful to low-income borrowers.

• Implemented with the Rural Electrification Administration a rural housing weatherization program to allow cooperatives financed by REA and other public utilities to use Section 502 rural housing loan funds to weatherize homes for their customers. The aim is to cut fuel bills for rural families as well as to help meet national energy conservation objectives.

• Implemented a new Section 502 guaranteed rural housing loan program for rural people with above-moderate incomes ($15,600 to $20,000) who can't obtain credit without a guarantee. This program responds to the inflationary situation and the recognition that rural families even with above-moderate incomes are often denied equal access to their own home because of a relative scarcity in rural areas of private credit offered without a guarantee. Under a May 1979 revision in Federal Home Loan Bank Board regulations, federally insured savings and loan associations have been given increased authority to participate in the program.

• To reduce housing costs, approved the use of adobe bricks in residential construction in New Mexico and parts of Texas. The feasibility of using adobe in FmHA-financed housing in other areas of the country is being studied.

• Nearly completed revised standards for development of housing sites in mountainous areas to lower the cost of site development and, it is hoped, to lower housing construction costs. Basic consideration in the rural standards are the health and safety of the occupants as well as cost factors.

Energy Initiatives

Farmers Home Administration is a strong advocate of alternative heating sources since utility costs are one of the largest financial burdens on low-income borrowers. In addition to requiring proven energy-saving devises in agency-financed homes, FmHA has taken numerous steps to help conserve energy in line with national goals while also helping reduce fuel costs for borrowers. For example, the agency has:

• Implemented new thermal performance standards for all FmHA housing programs. The standards—the most stringent of any Federal housing agency—require increased insulation, more efficient windows and doors, weather stripping, caulking, and other energy conservation measures in all new and existing homes to be purchased with FmHA assistance. In fiscal 1979, the standards will affect about 116,000 single-family units and about 5,000 rental units. In addition to reducing residents' heating and cooling costs, the use of these standards is expected to result in savings of approximately 2 million barrels of oil per year.

• Developed a low-cost solar water and space heating system being demonstrated in six sites around the country. The units would cost $2,500 to $3,000 and are simple enough to be assembled and installed by people with only basic technical skills. The six demonstration units will be monitored through the year-long weather cycle in different regions of the country along with six nearby comparable houses not fitted with the system, in order to

compare energy usage. The system will be made available to FmHA's housing loan borrowers if the demonstration is successful.

• Published final regulations on June 19, 1979, for implementing the Energy Impacted Area Development Assistance Program authorized under Section 601 of the Power Plant and Industrial Fuel Use Act of 1978. Under this program, which went into effect upon publication of the final regulations, governors of States designate areas impacted by increased coal and uranium development activities as "energy impact areas" in accordance with FmHA criteria. After this designation, and approval by the Department of Energy, FmHA will make grants to States, local governments, and councils of governments for growth management and housing planning and for site development and acquisition for housing, public facilities, and public services.

Under the program, FmHA State directors will use the convening authority of Section 603 of the Rural Development Act to bring together other Federal and State agencies to direct additional impact assistance to the designated areas. FmHA State directors will also be encouraged to use other FmHA programs in the designated areas, consistent with the State investment strategy for energy impacted areas that each State is required to develop to be eligible for Section 601 site development and acquisition assistance.

A total of $20 million has been appropriated for fiscal 1979 program activities. The law authorizes $120 million for fiscal 1980; appropriation action is pending.

Among additional FmHA energy initiatives, the agency has:

• Trained one architect or engineer in each State office in solar energy application. The 44-hour course—whose graduates are designated as solar energy experts—provided knowledge and skills needed to assess the design and installation of solar energy systems, primarily in housing.

• Outlined procedures for the field staff regarding use of wood as a source of energy where it is available to housing loan borrowers. The guidelines urge the use of wood-burning stoves and furnaces, rather than fireplaces.

• Developed the design criteria for anaerobic digesters of several sizes to be used by farmers in converting their animal waste to methane gas as an alternate energy source. After extraction of the methane, the residue has the same value as a fertilizer as the waste that has not undergone digestion. Installation and use of a digester will also eliminate the pollution problems inherent in the undigested

waste on dairy and hog operations. FmHA has engaged as a consultant the world-recognized expert in bioconversion to assist in the design and construction of digesters. Agency farm operation, farm ownership, or soil and water loans can be used to finace construction and operation of a digester on family size farms.

• Determined that construction, engineering, and operating costs for gasohol plants are eligible purposes for agency loans to family farmers or their cooperatives. The focus will be on small plants using agricultural waste and out-of-condition grain as the major source of the gasohol. Small farms generally find it easier to obtain reliable supplies of these two sources and can also use the residue (mash) for feeding locally, eliminating the added cost of drying out the residue as would be required if the residue were to be shipped for feeding outside the area. Farm loans will be used to assist family farmers, and business and industry loans will be extended to farmer cooperatives.

• Begun investigations into making business and industry loans for small bore wells to capture methane gas coal beds for use locally as an industrial energy source. In contrast to the present common process of burning off the methane gas, the capturing process would not only meet safety needs but would remove the gas in a nonpolluting way as well as allow it to be used rather than wasted. The loans would be available in cases where the coal bed land is owned by small and medium sized farmers or other local people.

Family Farm Programs

Through legislation strongly supported by this Administration, FmHA farm programs were recast in 1978 to be more responsive to current needs and to strengthen assistance to preserve the family farm.

In addition to authorizing a $4 billion economic emergency loan program and a special low-interest loan program for limited-resource farmers, the Agricultural Credit Act of 1978:

• Opened up nonemergency farm loan programs to cooperatives, partnerships, and corporations operating family farms—a change expected to bring about 60,000 more farms into eligibility for FmHA loans.

• Raised the individual size of loan limits for farm ownership and operating loans and soil and water and recreation loans.

• Authorized FmHA to consolidate or reschedule payments on farm operating loans for up to 7 years, when the farmer is unable to meet the present terms.

• Expanded eligible purposes for soil and water loans to include measures necessary to meet Federal, State, or local requirements for pollution abatement.

• Changed farm real estate insured loan interest rates to a rate based on cost of money to the Government. This change eliminates the interest subsidy FmHA had been paying.

• Provided for the interest rate on guaranteed farm loans to be negotiated between the lender and the borrower, making participation in the program more attractive to commercial lenders. Guaranteed loans have less impact on the Federal budget than insured loans, and they also serve as a catalyst in transferring commercial loan funds from areas with plentiful loan funds to rural areas where they are less available through the secondary market sales of such loans.

In addition, it should be noted that the appropriation for farm ownership loans was increased for fiscal 1979 to $800 million, up from $500 million a year earlier.

Among numerous other steps taken to improve farm services, FmHA has:

• Strengthened and broadened several memoranda of understanding between the Farm Credit Administration, SBA, and FmHA to improve delivery of credit to farmers and ranchers, avoid programmatic duplication, and reduce costs to applicants.

• Eliminated the long, time-consuming designation and shortened the process under which emergency natural disaster loans are made available. Under the new procedures, FmHA can be processing applications within hours after the disaster instead of from 1 to 3 months, as was the case before. The agency has also established a cadre of emergency loan team leaders for dispatch to areas with large numbers of emergency loan applications, a step that has greatly speeded up processing of loans and restoring cash flows to farming communities affected by emergencies.

• Developed training and information programs and cooperative agreements that will increase participation of rural banks and other lenders in guaranteed emergency loan programs. Two overall goals are to help reverse the drain and transition of funds from rural areas to suburban and metropolitan areas with more attractive interest rates, and to cut down on direct costs to the Government by em-

phasizing guaranteed loans instead of insured loans.

• Stepped up efforts to find ways to economically provide needed management assistance to farm borrowers through a demonstration project with USDA's Extension Group and University of Minnesota Extension to test the educational effectivenesss of computerized financial analysis procedures used by FmHA in supervising farm borrowers.

• Published in March 1979 regulations to clarify and simplify the process for obtaining and servicing guaranteed farmer program loans. The regulations include provisions for consolidating, rescheduling, reamortizing, and deferring payments, and eliminates the graduation requirement for guaranteed loans.

Area Development Assistance Planning Grant Program

Farmers Home is using the Area Development Assistance Planning Grant Program[7] as a tool to carry out its policy of targeting resources to the poor and encouraging other development institutions to do the same. The grants also support FmHA's objective of furthering a coordinated approach to rural development.

Congress approved $5 million for these planning grants in fiscal year 1978 and $5 million in fiscal 1979. The objective of the planning grant program is to contribute to the development of comprehensive planning for rural development, especially as such planning affects the disadvantaged. Specifically, all planning grants are to have an immediate relationship and direct benefit to the unemployed, the underemployed, those with low family incomes, and minorities.

In addition to providing for the development of a comprehensive planning process for rural areas, the grants are also used to:

• Enable rural areas which already have plans to revise them and/or fill critical gaps when this is needed to ensure an integrated, usable package; and

• Support the development of an aspect or aspects of a comprehensive planning process, provided this will make it possible to put the plan into action. The action should be consistent with other community plans.

Some 145 grants were approved for the fiscal year

[7]Authorized by Section 111 ("Rural Development Planning Grants") of the Rural Development Act of 1972.

1978 program. The thrust of each planning grant is to assist Farmers Home Administration with targeting of resources and to improve rural development coordination among State and local governments, regional planning organizations, private and nonprofit development groups, and Federal agencies. Each grantee will also develop an assessment of the need for Farmers Home Administration programs in the project area. Expected results include the following:

1. More outreach to target populations and increased participation by these groups in FmHA programs.
2. Closer working relationships and improved coordination with other development groups, local units of government, and agencies.
3. Development and implementation of State, substate, and local strategies for major problems including health, energy, aging, transportation, water and waste, manpower, and economic development.

For fiscal 1978, ADAP grants ranged from a low of $3,700 to a high of $146,730 for a joint grant to three substate districts. The following is a list of funded projects by applicant categories:

States	13	$ 590,770
Substate Districts	[1] 91	3,255,580
Counties	[2] 18	555,590
Cities and Towns	12	203,990
Indian Tribes	8	254,200
Other	3	139,870
	145	$5,000,000

[1]The 91 grants to substate districts include grants to two groups of substate districts. The true total of individual substate districts is 96.

[2]One county applied for assistance in conjunction with a substate district. The true total of counties receiving funding is 19.

All planning activities being funded include the development of comprehensive plans with emphasis on guides for action, including goals, objectives, and priorities. A number of projects are concerned with economic development or the provision of housing, community facilities, and/or other governmental services. In other cases, emphasis is being placed on developing local leadership, improving coordination, and stimulating involvement of citizens and a wide range of governmental units in the overall rural development policymaking process. For example:

- An eastern State is using its grant funds to prepare a plan to formulate effective rural development strategies for targeting resources to rural areas of the State, especially distressed rural centers and small communities. ($50,000)
- A southern nonprofit, community-based organization is using its grant funds to develop a comprehensive plan and rural development strategy to meet the needs of low-income residents in a four-county area. Emphasis will be on housing, economic development, and health delivery services. ($40,000)
- The Kiowa Tribe of Oklahoma is using its grant to develop a tribal land acquisition plan to further economic development opportunities for tribal members. ($50,000)
- A nonprofit, community-based organization in Texas is using its grant to develop a service delivery plan for elderly rural residents in three largely Hispanic counties. Services being focused on include those related to congregate housing, housing rehabilitation and weatherization, public transportation, and social and health care services. ($50,000)
- A substate planning district in West Virginia is using its grant funds to prepare a comprehensive housing rehabilitation plan and strategy for a six-county area with a critical problem of substandard housing. Local housing committees have been established in each of the six counties to assist the substate district in developing a specialized plan, strategy, and delivery system for rehabilitating and preserving the substandard housing stock in the counties. ($35,000)
- A small county in Texas is developing housing and sewer and water plans for five small communities in the county. Water is a particular problem since drilling a well is difficult because of the salt that comes from the Gulf of Mexico. ($41,850)
- A small village in Nebraska will use its grant to develop a comprehensive social services delivery plan. A survey is being conducted to determine the effectiveness of current social service assistance, future demand for services, and public attitudes towards various methods of delivering services. ($4,000)

During fiscal 1979, the Area Development Assistance Program is emphasizing greater participation by community-based organizations.

5. Other USDA Initiatives

Introduction

As provided by Section 603(a) of the Rural Development Act of 1972, rural development is one of the Department's major statutory missions. Rural development is thus a responsibility of all USDA agencies, within the framework of their legislated responsibilities. This mandate has been reinforced most recently by Secretary's Memorandum No. 1979, "Statement on Rural Development," which formally sets forth national rural development goals for the policy guidance of USDA agencies and directs each agency to give aggressive leadership and assistance in meeting the goals.

The statement also:

- Directs each USDA agency that conducts programs related to rural development to help strengthen the ability of local and State agencies to be more responsive to the needs and desires of rural people.
- Establishes a system for determining at the beginning of each year how the programs, services, and technical assistance of each agency will contribute to national rural development goals.
- Establishes a system of reporting at the end of each fiscal year the contribution of each agency's programs, services, and technical assistance to the rural development goals.
- Establishes a working group to study a wide range of issues pertinent to rural development policies and programs and provides a forum for discussing these issues.
- Establishes a USDA Rural Development Coordinating Committee, under the chairmanship of the Assistant Secretary for Rural Development, to coordinate rural development policy and activities within the Department and assist State rural development committees with their rural development responsibilities.
- Directs the Assistant Secretary for Rural Development to promote cooperation among Federal departments and agencies and involve them in formulating and implementing policies, strategies, and programs.
- Establishes a State rural development coordinating committee in each State to help target rural development efforts.

The following is a brief sampling of departmentwide initiatives and actions of USDA agencies other than FmHA that demonstrate USDA's emphasis on rural development under this Administration.

Intradepartmental Initiatives

In matters ranging from land use and rural transportation to small farms and energy, many of the rural development-related actions of USDA since January 1977 have cut across agency jurisdictions and involved departmentwide efforts. The following are examples of these initiatives.

- Early in the Administration, USDA convened five regional workshops with USDA State office heads and top staff to discuss USDA's rural development related programs, responsibilities, and proposed policy statements on issues of importance to USDA's rural development mandate. Attended by more than 600 participants, the workshops helped frame major USDA policy statements on rural development, land use, and energy as well as procedures that USDA agencies at the State level can use to implement these policies.

- The Secretary has initiated a national Agricultural Structures Dialogue on the structure of the farm sector of the future. Five structural dimensions of agriculture—and the tradeoffs involved in various options within each—will be examined. The overall purpose is to provide the foundation for decisionmaking to achieve a future structure that will best meet national needs as well as the needs of agriculture, rural America, and the consuming public.

The five structural dimensions being examined are: number and size of farms; ownership and form of the legal organization of farms and farmland; operations, including cropping systems, specialization, and use of technology; characteristics of the people in farming; and barriers to entry and exit. An important part of the dialogue will focus on factors that may affect structures, such as characteristics of the industries that buy or sell to farmers; general economic developments; and tax laws, farm programs, and other public policies.

The dialogue will build on USDA research, the research and views of private citizens and groups, and university and foundation supported research—all of which will be shared with interested participants. One means by which information will be obtained from the public will be a series of 10 public hearings across the country led by Secretary Bergland.

The specific objectives of the dialogue are:

Delegates to the Midwest Small Farms Conference represented a wide cross section of age and farm enterprise, from Plains grain farms to organic farms, but were united in their commitment to the small family farm.

W. Neill Schaller (left), Deputy Director of USDA's SEA-Extension, and Alex Mercure, Assistant Secretary of Agriculture for Rural Development, discussing problems of the small farmer at the Northeast Small Farms Conference, Poland Spring, Me.

Small farm operators at the Midwestern Small Farms Conference identify problems and suggest actions as part of the grass roots input to these "listen and learn" conferences aimed at Federal decisionmakers.

1. Greater general awareness of conditions and trends in the structure of U.S. agriculture.
2. Better understanding of the conditions that affect structure.
3. Clear definitions of the issues and tradeoffs that are required to establish or modify policies that affect structure.
4. Specific proposals for the 1981 Farm Bill.
5. Proposals for incorporation in tax bills, environmental and energy bills, and many other pieces of legislation.
6. Development of information for USDA analysis of a variety of bills and recommendations that may indirectly affect structure.
7. Identification of necessary changes in USDA administrative policies.

• In 1978, USDA, the Community Services Administration, and ACTION sponsored five small farm conferences around the country to provide the Nation's small farmers with an opportunity to discuss issues and advocate actions of priority concern to them and the institutions they represent. The proceedings of the workshops provided the basis for the following actions:

— Issuance of a USDA policy on Assistance to Small Farm Operators, stated through a Secretary's Memorandum. The memorandum states that it is the current policy of USDA to encourage, preserve, and strengthen the small farm as a continuing component of agriculture in the United States. It is also USDA policy to provide assistance that will enable small farmers and their families to develop human skills for both farm and nonfarm employment to improve their quality of life. A priority will be to encourage small farm operators and their families to participate in USDA programs. The memorandum also established a USDA policy-level group, chaired by the Assistant Secretary for Rural Development, to provide policy guidance to USDA small farm activities.

— Appointment of a USDA small farm coordinator, to work with the small farm policy group. USDA agencies will report to this person the results of an annual review of their programs with recommendations on changes needed to improve attention and services to small farm families.

— Establishment of permanent small farm subcommittees of the State rural development committees, to develop State small farm action plans.

— Initiation by USDA of joint-agency pilot projects to test the effectiveness of a cooperative approach by seven USDA agencies, CSA, and ACTION to help small-acreage farmers increase their production and income. The 16 projects include a

water conservation project in Nevada to assist 22 Indian families; a sheep project in New Mexico aimed at low-income Hispanic farm families; a feeder pig project with 15 small black farmers in Missouri; and a cooperative to help farmers in four Maine counties market and store vegetables.

— Sponsorship of the February 1979 Indian Agriculture Conference by USDA, ACTION, CSA, and the Bureau of Indian Affairs. The conference provided Indians and Alaskan natives an opportunity to identify problems that are unique to Indians engaged in agriculture and to present these to government decisionmakers who manage programs that can assist them. It also assisted them in taking better advantage of USDA loan, cost-sharing, and educational programs, as well as other Federal programs.

• In a major step to provide greater assistance in solving agricultural and rural development transportation problems, the Secretary has established a consolidated USDA Office of Transportation under the Assistant Secretary for Marketing and Transportation Services. The new office serves as a focal point for all USDA transportation matters, including the development of agricultural and rural development transportation policies and strategies, with the rural development policies focusing on passenger transit. The office will also administer demonstration projects USDA is funding for the design, development, and demonstration of procedures to assist State transportation planning agencies in identifying rural transportation needs.

• The new USDA Office of Transportation, along with DOT, has been providing staff support for the 16-member Rural Transportation Advisory Task Force established by Public Law 95-580, signed by President Carter November 2, 1978. Under the chairmanship of the Secretaries of Agriculture and Transportation, the task force is to (1) assess the transport needs of agriculture, (2) determine the adequacy of the current transportation network in meeting those needs, and (3) make recommendations to Congress for a national agricultural transportation policy. In June 1979, the task force published a preliminary report as an invitation to the public to participate in hearings held in July and August in 12 cities around the Nation. In the preliminary report, the task force discussed a number of issues, such as rail car availability, rail branchline abandonments, and motor carrier deregulation, and listed some policy alternatives for each issue. The task force will consider the information obtained at the public hearings on these and many other issues when it formulates policy proposals for a final report due to be published in January 1980.

• The Secretary has issued a USDA policy on land use, stated through a Secretary's Memorandum issued in October 1978. The memorandum directs USDA land use programs to serve the following three purposes:

— Provision of assistance to local and State government and individual landholders in defining and meeting their growth, development, and environmental needs.

— Protection of the natural environment.

— Assurance of adequate supplies of high quality food and fiber for the Nation.

Specifically, USDA agencies will:

— Continue to recognize and respect the rights and responsibilities of landholders in making private land use decisions, and the rights and responsibilities of State and local government in developing public policies regarding non-Federal land use.

— Generate and disseminate information and provide organizational, leadership, planning, and technical assistance to local or State officials, concerned groups, individual land owners, and the general public in all aspects of land use including alternatives to the conversion of Important Farmlands and Forestland, Prime Rangelands, and Wetlands.

— Advocate the retention of Important Farmlands and Forestland, Prime Rangelend, Wetlands, or other lands designated by State or local governments.

— Advocate actions that reduce the risk of flood loss, minimize impacts of floods on human safety, health, and welfare, and restore and preserve the natural and beneficial functions and values of flood plains.

— Advocate and assist in the reclamation of abandoned surface-mined lands and in the planning for the extraction of coal and other nonrenewable resources in ways that will facilitate later restoration of the land to its prior productivity.

— Advocate the protection of threatened and endangered animal and plant species and their

habitats, designated archaeological, historic, and cultural sites, and designated ecosystems.

— Advocate the conservation of natural and man-made scenic resources, improve the technical ability of USDA agencies to identify and evaluate scenic resources, and assure that these agencies protect and enhance the visual quality of the landscape.

In implementing the policy, USDA agencies are directed to review programs or actions and related administrative rules, regulations, bulletins, and practices and within 1 year to make changes necessary to bring agency programs or actions into compliance. A USDA Land Use Committee is providing leadership for implementing the policy.

Additional major interagency initiatives of USDA undertaken to strengthen the Department's support and performance in rural development include the following:

• The Secretary has established a Native American Task Force to improve the effectiveness of USDA's programs as they apply to Native Americans. The Assistant Secretary for Rural Development is chairman, and all USDA agencies have been directed to cooperate with the task force.

• The Assistant Secretary for Rural Development has established a task force on energy conservation to develop a USDA energy conservation initiative. The task force has prepared and distributed fact sheets on guidelines, standards, and other pertinent information on home weatherization and energy conservation in the rural home. The task force is also encouraging and providing guidelines to State rural development committees in their efforts to develop strategies for helping conserve energy in the rural home.

• The Secretary has established an Office of Energy to provide leadership and focus to USDA energy activities. Among its responsibilities is the development of energy and energy-realted policies and strategies for the Department, to maintain a healthy and viable agricultural sector and progressive rural America. An Energy Coordinating Committee, whose membership includes the Department's Deputy Assistant Secretaries, has also been established.

• The Assistant Secretary for Rural Development has established a Rural Development Research Committee which is studying the ongoing rural develop-

An air-inflated solar collector used to provide hot air for drying grain.

ment research efforts of USDA and exploring ways that these can be made more responsive to rural development needs and USDA's mission.

Agency Initiatives

Within the context of their various specific missions, USDA agencies have undertaken a wide range of new initiatives to assist rural communities and people, particularly those most in need. Their activities range from data collection and research to direct services. The following is a brief sampling of these initiatives.

Policy Research

Rural development means the expansion of economic opportunities, especially for the unemployed and underemployed, plus increasing access to needed social services and basic public facilities. Research to support development of policies for meeting these goals is one of the priorities of the Economics, Statistics, and Cooperatives Services's Economic Development Division (EDD). EDD has recently:

- Developed an improved method for constructing county-level indicators of social and economic well-being, to describe and compare conditions in various locations and identify areas of substantial disadvantage. This information is potentially useful for assessing and better directing the geographic distribution of Federal program assistance designed to alleviate rural deprivation.
- Demonstrated that factors such as the level of self-employment and worker discouragement have contributed to an under-representation of measured unemployment in nonmetropolitan areas relative to metropolitan areas, potentially leading to underfunding of human resource and economic development program allocations to nonmetropolitan areas on the basis of systematically biased unemployment statistics. This information is potentially useful for assessing fund allocation systems and redirecting the distribution of program funds to areas of need.

Services to the Disadvantaged

- The Food and Nutrition Service has issued regulations implementing the Food Stamp Act of 1977 which simplify program operations and are especially beneficial to rural people, including migrant farmworkers and reservation Indians. In fact, preliminary figures indicate that the new regulations have greatly increased participation in the Food Stamp Program in rural areas. Participation in the most sparsely populated areas increased 33 percent in the first 2 months the new regulations were in effect, compared with an increase of 7 percent in urban areas.

  — The application process has been simplified, permitting applicants to call or write the food stamp office and receive an application form in the mail. Application forms can be mailed to the office, and members of households with transportation difficulties can be interviewed at home or by phone or send an authorized representative to the office for the interview. These provisions benefit rural households whose members cannot easily travel to a food stamp office.

  — Food stamp offices serving a significant number of low-income people who do not speak English, such as numerous migrant farmworkers, are required to provide bilingual staff and materials.

  — The eligibility standards recognize the special needs of farmers and migrant farmworkers by exempting income-producing vehicles (such as tractors) and vehicles necessary for long distance travel to work (such as migrant vans) from the limit on assets. The cost of producing self-employment income, such as the expenses of operating a farm, are deducted from income in determining eligibility and benefits.

  — The elimination of the purchase requirement has opened up the program to people without very much cash on hand.

  — The mailing of food stamps directly to participants has been greatly facilitated, a change which will help rural people who live great distances from food stamp issuance offices.

  — Families whose income is from self-employment or farm employment can be certified once to receive food stamps for up to 12 months.

  — Proposed regulations published July 13, 1979, will increase the accessibility of food stamp offices to low-income people, especially those who live in sparsely populated rural areas.

  — Regulations soon to be published in final form will require special efforts to inform the rural poor about the availability and benefits of the food stamp program.

• USDA's commodity distribution program has been revised to better serve needy families on Indian reservations. Changes have been made in the number and types of commodities distributed in order to improve nutritional content. Also, reservations now have the option of participating in a food stamp program, a commodity distribution program, or both. USDA will also provide increased funding for the administrative costs of these programs on Indian reservations.

• The WIC program (Supplemental Feeding Program for Women, Infants and Children) operated by the Food and Nutrition Service to provide supplemental foods to pregnant women, infants, and young children, certified as being at nutritional risk, has underway a major demonstration project designed to reach eligible women and children who are migrant farmworkers. As part of this project, special emphasis has been placed on funding new WIC projects in many rural areas which previously had no access to the program.

• The Food and Nutrition Service is conducting a special publicity program aimed specifically at rural areas to encourage more sponsors of Summer Food Program projects for rural children from low-income families. The program is operated through nonprofit agencies who qualify as sponsors. Also to encourage greater participation by potential sponsors, the agency has developed a new reimbursement structure that will make sponsors with higher than average administrative costs eligible to receive higher reimbursements.

• The Cooperative Development Division of the Economics, Statistics, and Cooperatives Service has established a field office at Salinas, Calif., to provide technical assistance to four newly organized production-marketing cooperatives. The membership of the cooperatives is comprised of Mexican-Americans, many of whom were former agricultural migrant workers. Provision of intensive on-site technical assistance will enable the cooperatives to speed up the development process so that they can more quickly become viable economic enterprises. The cooperatives produce, pack, and market vegetables and strawberries.

• The Cooperative Extension Service in Illinois has joined with the Illinois Department of Local Government Affairs in a demonstration project aimed at delivering HUD and FmHA housing and community development resources to hard-to-reach rural communities and rural people. Utilizing balance-of-State CETA personnel, SEA-Extension is taking a lead role in housing assistance outreach and related educational and referral activities aimed at assisting low- and moderate-income rural households.

• The Forest Service, through the Rural Community Fire Protection Program, has provided more than 3,000 rural communities, including 30 on Indian reservations, with assistance in organizing, equipping, and training rural fire departments. This assistance is directed toward rural communities who presently have no fire protection, or fail to meet underwriter's standards for minimum acceptable protection.

• Under the Direct Marketing Act of 1976, Cooperative Extension Services and State departments of agriculture have been allocated $2 million for 21 pilot projects providing technical services, education, and information in support of community farmers markets, roadside markets and stands, and "pick-your-own" operations. A survey of customers at two markets in the Alabama pilot project area verified the attraction of fresh produce. Farmers in the area have indicated interest in a program to study and expand direct marketing, which can increase the earnings of small farmers and retain money within the local economy while lowering prices paid by consumers.

Assisting Rural Institutions

The Secretary is directing agencies of the Department to help strengthen the ability of local and State public and private agencies to be more responsive to the needs and desires of rural people. Effective State and local governments are recognized as critical preconditions for a strong nationwide rural development effort. Also critical is the systematic involvement of relevant public and consumer interest groups and the private sector in the formulation and implementation of rural policies and strategies at the local, State, and national levels.

FmHA's Area Development Assistance Planning grants constitute the Department's primary financial aid for assisting rural institutions in rural development policy planning and management at the State and substate levels. A number of other USDA agencies play equally key roles in this area through provision of a wide range of other forms of assistance. In line with the Secretary's commitment to rural development, they have strengthened and renewed their priorities in regard to working with grassroots rural leadership and bolstering rural institutions. For example:

• The Extension arm of the Science and Education Administration is placing increased program priority on the needs of local government officials in coping effectively with increased demands for public services in a period of declining public revenue sources. A major Extension goal is to strengthen local units of government and their planning capabilities. A special thrust is the training of rural leaders and the enhancement of citizen participation in the development process.

To promote this aim:

— The Community Resource Development and Public Affairs Subcommittee of the Extension Committee on Organization and Policy has created a Task Force on Local Government to help focus attention and resources on the needs of local officials.

— SEA-Extension is stressing the need for increased educational programing for rural local government officials and has employed a local government specialist to give full-time national leadership to the development of educational programs and materials for use by Extension in assisting local officials.

— SEA-Extension personnel have joined forces with research personnel within the Department to develop and field test a series of handbooks aimed at aiding local officials in decisionmaking concerning assessment of the need, determination of the community's ability to pay, and estimation of overall costs and benefits of housing development, public health facilities and services, fire protection, and public safety services in the Great Plains region. Additional projects will be conducted to test the application of the methodology to other regions. One example of this effort is provided by a project in western Oklahoma, where a team of research and extension workers under Economics, Statistics, and Cooperatives Service leadership assisted a county governing board to analyze alternative solutions to the problem of providing public ambulance service. Not only did this alternative cost and revenue analysis help the particular county to develop new ambulance service, it was also packaged in a "do-it-yourself" format and subsequently used by other local governments throughout the Great Plains.

— SEA-Extension has also provided financial support for the development of an audiovisual education package that assists small town officials in identifying the types of problems they may encounter in providing adequate public services and in locating potential sources of assistance for

solving those problems when their communities suddenly become energy "boom towns."

— In cooperation with State and local government personnel and USDA agencies, the Southern Rural Development Center has designed, tested, and developed a rural development training program which can be used to help local citizens and community leaders identify and carry out rural development problem solving.

• The Rural Electrification Administration has established access to the Federal Assistance Programs Retrieval System and a procedure for responding to requests from its borrowers for information about Federal resources to assist local community and economic development projects. This initiative is particularly significant because many REA-financed electric and telephone organizations provide the local leadership, information, and technical assistance that may be required for the development of housing, central water and sewer systems, health facilities, industrial parks, and the like.

• SEA-Extension initiated a request for a change in Interstate Commerce Commission regulations which subsequently resulted in publication of a proposed rule to require railroads to furnish notices of "intent to abandon" rail lines to the appropriate State director of the Cooperative Extension Service. This early warning will allow Extension personnel time to work with rural communities in responding to such notices.

• Upon request by a consortium of five USDA agencies, State Extension directors have submitted proposals for transportation-related demonstration projects. The projects will design, develop, and demonstrate procedures for land grant university Extension and research personnel to assist State transportation planning agencies and local governments concerned with agricultural and rural transportation. The projects will include recommendations on using agriculturally oriented State and federally funded agencies in planning for the delivery of transportation services in rural areas. Funds have been awarded to North Carolina and Minnesota Cooperative Extension Services in response to the proposals.

Improving Agriculture

The Administration has implemented several major policy initiatives underscoring its commitment to an agricultural system based on the family farm. It has worked with the Congress to ensure that new legislation included authorities to protect family farms from wide fluctuations in farm prices and to ensure that ample operating credit is available to maintain liquidity when prices are low.

• A principal initiative is the establishment of a voluntary commodity supply management program consisting of two integral parts—grain set-asides and farmer-owned grain reserves—which provide greater market stability for producers and consumers while assuring producers of a fair return on their investments.

• Other departures from the past have been to free farmers from archaic acreage allotments, thus basing programs on farmers' actual plantings each year, and to give balanced treatment to major commodities based on cost of production. New directions have also been taken in disaster assistance and cost-sharing conservation programs administered by the Agricultural Stabilization and Conservation Service. These are making a significant contribution to strengthening the economy of rural America, its natural resource base, and the income levels of its residents.

• To assure adequate on-farm storage capacity:

— The loan limit under ASCS's farm storage facility loan program has been doubled;

— Downpayment requirements have been halved;

— Interest rates have been reduced;

— The repayment period has been extended;

— Previously ineligible structures have been covered; and

— Modification/remodeling of existing structures has been included.

As a result, loan activity has been at record levels—in the first 9 months of fiscal 1978 alone, loans amounted to about one-third of the total for the first 29 years of the program.

• The Foreign Agriculture Service has adopted a two-pronged strategy for holding and expanding foreign markets—strengthening and expanding its foreign operations and more sharply focusing its market development activities. Aiming at markets and commodities with high trade impace it is:

— Encouraging increased participation from commodity interests which have not been actively working to build foreign demand;

— Using credit programs to build long-term foreign demand;

— Assisting technology-transfers mutually beneficial to U.S. trade and foreign economic development;

— Increasing demand for U.S. bulk commodities by providing utilization technology, trade, and technical servicing;

— Using selected market development activities to support efforts to reduce or remove impediments to trade; and

— Encouraging construction of foreign storage and utilization facilities.

• The farmer-held grain reserve program implemented by ASCS will also stimulate expansion of export markets by making the United States a more dependable supplier to foreign buyers who are interested in continuity of supply.

• The Office of Transportation and SEA-Extension are working to assure the existence of an adequate transportation system to transport such commodities bound for export.

• The Agricultural Marketing Service, under its Federal-State Marketing Improvement Program, has granted $57,300 to assist Alaska in determining marketing systems and facilities for barley and rapeseed to be produced on 60,000 acres in the Delta-Clearwater area. Land preparation investments exceeding $10 million, from other sources, depend for their success on development of supporting services such as farm machinery suppliers, grain storage and handling services, and transportation facilities, which need to be in place by 1980-81. This agricultural development is of special significance to this very sparsely populated area, and it reflects improved economic prospects for farmers.

Further actions to assist with farm credit and income include the following:

• In addition to improved credit availability for agriculture under the Farm Credit Act of 1978, commodity and income support operations and disaster assistance have increased producers' cash flow. One impact has been a financial boost for rural banks and businesses largely dependent upon the economic well-being of their farmer clients.

• Although authorized since 1973, target price or deficiency payments, amounting to roughly $1.2 billion, were first made on 1977 crops. While implementing the 1973 authority, the Administration worked closely with the Congress in developing new, comprehensive legislation—the Food and Agricultural Act of 1977. Payments on 1978 crops reflect the higher levels of support enacted in the 1977 Act. In addition, the Agricultural Stabilization and Conservation Service has implemented the new haying and grazing program for wheat farmers and land diversion payments program for feedgrain and cotton producers. Under the new programs, commodity loan activity has been increased substantially, strengthening farmers' marketing positions and offering them increased marketing flexibility.

• The Science and Education Administration's Cooperative Research and Extension units have changed their program priorities to increase attention to small or limited resource farmers.

— 30 States now have research projects designed to benefit small farmers; and

— 31 States have Extension and paraprofessional programs aimed at transmitting group organization and leadership skills, farm production, management, and marketing skills, and information about off-farm employment opportunities. Evaluation of two State programs shows that participants have increased their incomes.

Reducing Energy Costs

Although the new USDA Office of Energy develops

and implements energy-related policies and strategies and coordinates departmental programs to meet USDA's energy goals, the agencies of the Department continue to play significant roles in helping rural Americans to cut their energy costs through conservation and adoption of alternative energy systems. The Department has developed an energy conservation program that uses the diversified capabilities of its field employees through the State-local system of rural development committees, which are preparing strategies that complement the State energy conservation plans required by the Department of Energy.

Energy-related initiatives by individual USDA agencies are varied, reflecting an open-minded posture needed to promote creativity and innovation in dealing with increasingly important energy problems. Examples from agencies other than FmHA include the following:

• The Rural Electrification Administration has established a policy that requires its electric cooperative borrowers to have energy conservation programs as a condition for receipt of an REA loan. As a result, consumers served by electric cooperatives can expect to receive advice and assistance on ways to conserve energy and thus cut energy costs.

• SEA-Extension also has been active in energy conservation education in rural America:

— Through a special project funded by SEA-Extension, Utah Cooperative Extension conducted workshops in California and Georgia to directly assist approximately 100 local officials in formulating management strategies for coping with short supplies and high costs of energy. Other workshop participants, such as Extension energy specialists, staffs from councils of governments, State energy commissions, and energy company representatives, have subsequently passed along indirect benefits to other local government officials.

— By pursuing a close working relationship with the Department of Energy in creating an effective Energy Extension Service, first in 10 pilot-test States and now in all States, SEA-Extension has brought its considerable experience to bear in support of energy conservation on a national basis.

— Extension has addressed conservation needs in the region most heavily dependent upon imported oil by obtaining Comprehensive Employment and Training Act funding for the Energy Conservation Analysis Project in New England. Under this project, approximately 5,000 energy audits have shown that 40 percent of energy used in audited homes could be eliminated with proper retrofitting of insulation, weatherstripping, storm windows, and the like.

— The Extension Committee on Organization and Policy has created a special task force focused on energy education, and the Science and Education Administration has compiled a special report on energy extension programs to promote knowledge sharing in support of energy conservation. Extension's energy education efforts are targeted to seven audiences: teachers, business and industry, builders, architects and developers, agriculture, local governments and regional agencies, and the general public.

• Departmental agencies also deal with basic and applied research aspects of solutions to energy problems, often providing new information to be transmitted through Extension education. For example, the Forest Service has proposed new research initiatives:

— To develop more energy efficient homes;

— To design shelter belts and greenways to help

reduce energy consumption and improve esthetics; and

— To develop new uses for hardwoods, mill residues, and whole trees for energy, as well as for pulp and chemicals.

Protecting and Improving the Rural Environment

As was discussed earlier in this chapter, in the section on the Department's land use policy, it is USDA policy to protect the quality of the natural environment while contributing to improved social and economic well-being in rural areas. The Department has an obvious statutory interest in preserving farm and forest lands, in line with its specific missions. Moreover, USDA administers numerous programs, including development programs, and makes many decisions that affect the natural environment, including farm lands. Thus, a major priority for all USDA agencies is to bring themselves into compliance with the October 1978 land use policy directive. In addition to this current work, other important efforts of various USDA agencies related to protection of the environment include the following:

• The Soil Conservation Service has published final regulations and the Environmental Impact Statement for the new Rural Clean Water Program called for in the Clean Water Act of 1977. Funding has been requested in the President's budget to implement the program in fiscal 1980, and the appropriation is pending in Congress. The program is designed to provide cost-sharing incentives and technical assistance to rural land-users to install conservation systems to reduce nonpoint pollution from agricultural activities in target areas nominated by State Governors and approved by the Department, with Environmental Protection Agency concurrence.

• SCS is also administering provisions of the Soil and Water Resources Conservation Act of 1977, including requirements for periodic assessments of basic natural resources in private ownership and development of a 5-year strategy for dealing with soil and water conservation problems.

• In addition, SCS is administering Section 406 of the Surface Mining Control and Reclamation Act of 1977. This "Rural Abandoned Mine Program" provides technical and cost-sharing assistance to rural landusers for the reclamation, conservation, and development of abandoned coal mine areas.

• The Forest Service is developing guidelines for implementing the Cooperative Forestry Assistance Act of 1978, which provides broadened authority for efforts to help improve rural soil and water conditions. A major provision enables the Forest Service to make consolidated payments to States for implementing rural forestry programs based on State forestry program plans. The provisions allow State and local agencies to undertake cost sharing projects which can provide a boost to rural landowners in their conservation efforts.

• Inclusion of the Agricultural Conservation Program in the President's budget and a new focus on determining cost-sharing percentages (up to 90 percent Federal) by established priorities for conservation and solution of pollution problems underscore the Administration's commitment to conservation of vital natural resources by the most cost-effective means. The ACP is under close review to ensure that it achieves these goals, and ASCS has encouraged its State and county committees to consult other agencies and interested groups in identifying critical conservation problems and solutions for cost-sharing assistance.

• USDA agencies (Soil Conservation Service; Agricultural Stabilization and Conservation Service; Science and Education Administration; Economics, Statistics, and Cooperatives Service; Forest Service; and Farmer Home Administration) have begun a joint Model Implementation Program in seven States with the Environmental Protection Agency to show how a coordinated program of conservation systems can improve water quality in rural areas. The soil and water conservation work needed in the selected MIP project areas began in 1978 and most are expected to be complete in 1980. As part of the interagency program, ASCS earmarked $1.5 million of ACP funds to help control pollution of streams from sediment and chemical run-off from agricultural lands.

• ASCS also has approved $1.3 million for 10 special rural development and conservation projects aimed at helping small farmers with gross incomes of less than $20,000 to solve conservation and water quality problems. The projects selected are intended to demonstrate the types of programs and efforts that: (1) can help improve the economic position of small farmers while at the same time accomplishing conservation and improvement of the rural environment and (2) can be accomplished through cooperative efforts of farmers, USDA agencies, and other interested organizations at the local level. The program will also be used to study the potential of the ACP to contribute to the Department's increased emphasis on rural development.

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6. Other Federal Agency Initiatives

President Carter has voiced his determination that the Federal Government will engage in a full partnership with other levels of government and the private sector in meeting the needs of small town and rural America. A wide range of Federal activities to meet this objective have been undertaken as part of the White House Rural Initiatives discussed in chapter 3. In addition, a member of interagency efforts with Farmers Home have been reported on in chapter 4. The following pages present a sampling of additional initiatives of Federal agencies and departments, other than USDA, aimed at improving government services to rural communities and increasing responsiveness to critical rural needs.

First are those initiatives that focus on improving the delivery of services to specific population groups—the poor, the unemployed, women, older Americans, and Native Americans. Second are initiatives that focus on improving a particular category of functional service—such as health, education, and transportation—to rural areas. Third are initiatives that deal with the environment, energy resources, and non-USDA-funded agricultural initiatives. The fourth category includes examples of initiatives that relate to how Federal agencies work with and assist rural communities.

Assisting Population Groups

The Poor

Targeting assistance to those most in need, both individually and collectively as communities, is one of the highest priority policies of this Administration. Many Federal agencies have taken concrete actions to pursue this policy in both rural and urban contexts, as well as in rural areas specifically. For example:

- The Social Security Administration and the Department of Labor are conducting a demonstration project with the Minnesota State welfare department aimed at rural AFDC recipients. This work-equity program is testing the feasibility and effectiveness of creating special public jobs for all employable welfare recipients.

- Three HEW agencies are involved in the Utah Service Unification Project, a demonstration project to simplify access to services for the aged, the developmentally disabled, Navajo Indians, and those in need of protection (from neglect, abuse, etc.) in rural areas, through a system of multiple-program case workers.

- HUD has funded innovative rural projects such as Maine's Rural Housing Rehabilitation Project, which utilizes community action agencies to connect rural, lower income homeowners with various sources of financing for housing rehabilitation.

- In addition, HUD set aside for fiscal 1979 up to 1,500 units of Section 8 Rental Assistance payments contract authority and Low Rent Public Housing for the Department's Rural Assistance Initiative and other selected rural projects. The purpose of the set-aside is to:

  — Promote the development of alternative housing delivery mechanisms; for example, use of areawide or regional organizations in rural areas that have insufficient institutional means to produce needed housing;

  — Experiment with scattered site production of multifamily housing;

  — Encourage an expanded role for local developers; and

  — Develop alternative sources of financing to underwrite single and multifamily housing development.

- ACTION, which has created a Rural Task Force to recommend priorities and new initiatives, has provided funds to rural groups such as United Community Services of Chittenden County, Vt., to provide craft and recreational activities for the severely handicapped. This mini-grant was matched by a local bank in the spirit of public-private cooperation.

- EDA established the Office of Special Projects in 1977 to assist community-based, nongovernmental, nonprofit organizations in planning and implementing economic development activities that benefit the disadvantaged residents of qualifying rural places and urban neighborhoods. In fiscal 1978, approximately 20 percent of the new office's program funds were allocated to rural organizations to help them identify and implement projects that will provide jobs and facilities necessary to improve the economic health of their especially distressed rural communities. In fiscal 1979, the office's funds were increased to $50 million.

- The Department of Labor has let a $2.5 million contract with the Consortium for the Development of the Rural Southeast, composed of two federations of poor peoples' cooperatives and the Emergency Land Fund, for training programs to upgrade the economic prospects of poor farmworkers and small farmers.

• The Labor Department has also awarded a $480,000 contract to the National Association for the Southern Poor to train about 30 economically disadvantaged youth as community development specialists. Through the 18-month Assembly Youth Employment Demonstration Project, the youth will be employed and trained to work in rural counties of two States to provide and maintain a variety of community services.

• HEW's Administration on Children, Youth, and Families has expanded the Head Start program in rural areas, particularly to serve an additional 8,900 children of migratory farmworkers and Native American children and an additional 3,100 Puerto Rican children.

• The Community Services Administration has used its unique authority to evaluate all Federal efforts with poverty implications to benefit rural areas. Funds have been provided to Rural America for a study of the implementation of the HUD Community Development Block Grant Program in nonmetropolitan areas and for a citizens' monitoring project to oversee the extent to which local projects are achieving national CDBG goals. These activities are aimed at enabling the CDBG program to more effectively meet the community development needs of the nonmetropolitan poor.

• CSA also has initiated evaluations of the National Demonstration Water Project and the Housing Assistance Council, two major rural-serving national resource centers. These studies are examining delivery system weaknesses addressed by these organizations and the place of the NDWP and HAC in making rural infrastructure development systems more responsive to the needs of poor rural communities. The studies will also produce policy recommendations contributing to rural program development.

• Local community action agencies have proven to be one of the best ways to reach low-income people. The Economic Opportunity Amendments of 1978, resulting largely from Administration requests, improved CSA's ability to assist the rural poor. These amendments:

— Authorized $5 million over 3 years for special poverty programs in rural areas.

— Decreased the required local share of Community Action Program funding to 20 percent from the previous 30 to 40 percent—a change particularly important for the poorest rural areas.

— Returned administrative responsibilities for the Summer Youth Recreation Program to CSA rather than Comprehensive Employment and Training Act prime sponsors, thus removing an urban orientation and offering the opportunity for more rural participants.

— Removed population requirements as the sole criteria for county or multicounty eligibility for community action agency designation, if at least 20 percent of the families residing in the area are poor. The development of CAA's in rural areas is strongly encouraged by removal of the rule against their establishment in areas having a population of less than 50,000.

— Made public or private nonprofit agencies elibible on an equal basis with community action agencies for program grants under the rural housing development and rehabilitation authority, thus addressing circumstances where there is no CAA.

— Made local public agencies and private nonprofit organizations eligible for funds to operate cooperative programs in rural areas under CSA's Economic Development Program.

• In addition to making program improvements, the Administration requested an increase of $12 million in funds for fiscal 1979 to support CAA's, particularly to strengthen smaller grantees, the majority of which serve rural areas.

• To give increased funding attention to migrant and seasonal farmworker populations, CSA funds were set aside from both emergency energy conservation and community food and nutrition programs for support of:

— A hotline to provide information, referral, and support services to those in difficulty who lacked knowledge of where to turn for help;

— Training and technical assistance to support housing weatherization and appropriate technology projects to lessen the impacts of high energy costs;

— Training and technical assistance to develop improved access to Federal feeding programs;

— Research to develop reliable demographic data on farmworker families; and

— Training and technical assistance to farmworker credit unions.

Secretary of Labor Ray Marshall

The Unemployed and Underemployed

The unemployed and underemployed in rural America as in urban America are of great concern to this Administration. Various Federal programs are directed towards assisting these people to gain skills and to develop employment opportunities for them. Some examples of these efforts for rural residents follow:

• In January 1977, President Carter recommended a $4 billion public works program to Congress as part of the Administration's 2-year recession recovery program. The local public works program permitted 100 percent Federal grants for State and local public works projects. Some 6,700 projects totaling over $2.8 billion were funded in rural and nonmetropolitan areas. In addition to providing jobs for the unemployed, approximately half of these projects were for the construction of infrastructure to support economic development activities such as water/sewer facilities, shell industrial buildings, warehouses, and site preparation.

• Important amendments to CETA and a new emphasis on rural development in the Department of Labor have resulted in major activities on behalf of rural citizens. In August 1977, the Secretary of Labor established a Committee on Rural Development to provide leadership in improving the Department's policies and programs in rural areas and to promote interagency coordination of similar programs. The Task Force on Rural Development within the Employment and Training Administration acts as the executive secretariat for the Secretary's committee, and actively promotes interagency agreements. For example:

— The Department has established an ongoing agreement with the Departments of Agriculture and the Interior under the Youth Employment and Demonstration Projects Act of 1977. Conservation skill training was provided to youths at 800 sites, at a cost of $233 million, during 1978. On June 22, 1979, Secretary Marshall announced funding at $14.2 million for 22 projects under the Act aimed at assisting unemployed farmworker youth. The six Youth Community Conservation and Improvement projects will employ the youth in such work as solar water heater repair and development of nature education centers. Twenty-two Youth Employment and Training projects will integrate training and employment with educational programs, where feasible.

— A renewable 1-year agreement with the Forest Service provides forestry-related jobs to disadvantaged, minority, elderly, handicapped, and young rural residents in eight Forest Service regions and one area, at a cost of $12.5 million.

— Several agreements with the Department of Energy provide for industrial and skill training of migrant and seasonal farmworkers, to equip them for energy-related occupations. A $3 million, 18-month program provides coal mining skills training, with 30 percent of the trainee positions allotted to women. Two other 18-month programs, with combined funding of $1 million, provide skill training in nuclear energy related occupations.

The Comprehensive Employment and Training Act Amendments of 1978, culminating a year-long effort by the Administration to work with the Congress to revise and extend federally funded employment and training programs, should also be of great benefit to rural areas:

• The reauthorization more sharply focuses CETA resources on those most in need and simplifies administrative paperwork requirements. Emphasis on structural employment problems and the economically disadvantaged also indicates greater attention to rural residents. The extension of youth and older

worker programs will impact heavily on rural areas. In addition, up to 4.5 percent of the funds under the new Private Sector Initiative Program (CETA Title VII) will be reserved for Indian and Native American programs, which are predominantly rural.

- The 1978 CETA allocation moved rural areas closer to funding parity based on need, and the 1979 formula is the most equitable ever.
- The amendments greatly improved DOL's ability to target employment and training resources to those most in need, by requiring that all participants in training programs and services except upgrading must be economically disadvantaged and either unemployed, underemployed, or in school. Public Service Employment participants now must be economically disadvantaged and on welfare or unemployed for 15 or more weeks. (The Title VI Public Service Employment special projects launched in 1977 laid the groundwork for the 1978 amendments by increasing the percentage of poor people in PSE programs from 44 to 67 percent between fiscal 1976 and fiscal 1979.)

- Under the new amendments, rural concentrated employment programs in areas of high unemployment will receive increased funding.
- Title VI discretionary funds will be targeted to distressed rural areas, as part of a strategy to target on geographic areas as well as individuals most in need.
- In addition, the work of the National Commission on Employment and Unemployment Statistics to develop new and more accurate measures of employment hardship has resulted in a report that will help serve as a basis for more equitable distribution of CETA resources among rural and urban areas.

Other Labor Department actions that indicate the increased attention to rural areas include the following:

- The Bureau of Labor Statistics is expanding its current population survey data base by 10,000 households in predominantly nonmetropolitan areas, to obtain more accurate information on rural employment and unemployment.
- To further add to the knowledge base needed for improved CETA operations, the Secretary convened a Rural Employment and Training Conference, bringing together for the first time a national sample of 175 program operators representing 10 different rural programs of the Education and Training Administration and the Women's Bureau.
- DOL has contracted with the American Association of Small Cities to train rural local government officials in the use of CETA and to survey them on their suggestions for improvements in DOL programs. Under the contract, small city officials are to determine and demonstrate how CETA programs may better and more directly serve small communities.
- Under a contract with the Department of Labor, the National Governors' Association has been reviewing the operations of CETA balance-of-State programs for their impact on rural areas, to provide a basis for recommendations to improve rural employment and training services. An important project scheduled for fiscal 1979 is a study of effective and innovative job-creation approaches taken by prime sponsors in rural areas.

Women

Rural and urban women share many of the same concerns, such as child care, battered wives, displaced homemakers, and lower wage/lower skill jobs. However, because of poor transportation services or great distances, rural women are also often isolated from those health and social services, educational programs, and better income opportunities that are available. They also face more slowly changing mores that affect credit availability and other issues of concern to women. Federal efforts to assist with some of these problems include the following:

- To help respond to the problems of rural women in Appalachia, the ARC has provided funds to the Council on Appalachian Women so that it can establish an office and work on a data survey, a women's credit union, a group insurance program for Appalachian women, and a resource and information center where women can get assistance.
- The Women's Bureau (DOL) has:

  — Conducted a series of hearings on the employment and economic problems of rural low-income women.

  — Consponsored a national conference on rural women.

  — Developed concepts for demonstration projects for the training and employment of rural women and implemented five such projects through use of CETA funds.

  — Earmarked nearly half of its fiscal 1979 budget for activities to assist rural women. These include studies on employment of rural women, demonstration projects for employment and training of

rural women, and meetings on employment and economic problems of low-income rural women.

• In fiscal 1979, ACTION has increased support for programs to assist rural women in identifying and finding solutions to their needs and problems. Assistance for specific projects in fiscal 1978 included:

— A grant to American Friends Service Committee to enable rural women in Lincoln and Logan Counties, W. Va., to demonstrate how to utilize volunteer initiatives in advocating employment and other economic rights.

— A grant to Sumter County YWCA to provide technical resources needed by rural women in Clarendon and Sumter Counties, S. C., to modify and adapt economic and social development project models to meet local adverse rural conditions.

— A grant to Rural American Women, Inc. to plan, develop, and provide advice to ACTION about future steps the agency might take to use volunteers to improve socioeconomic conditions for women in rural areas.

— A grant to the Center for Child/Family Development, University of Oklahoma, to implement the Oklahoma Rural Indian Women's program. The program is designed to meet selected basic human needs of Indian women through a volunteer program that focuses mainly upon legal rights and community service.

Older Americans

Older Americans in rural areas are among those who suffer most from the problems of rural poverty, substandard housing, isolation, and inadequate access to health care and other services. This is recognized in important 1978 amendments to the Older Americans Act as well as numerous other Federal responses to the rural elderly. Examples of recent Federal efforts to assist this population group are given below.

• The 1978 amendments to the Older Americans Act clearly charge the Administration on Aging with responsibility for considering the special needs of the rural elderly and authorize specific activities and emphases to assist the rural elderly. These include grants for special training courses to meet the needs of rural service providers, special consideration for demonstration grants for projects to meet the needs of the rural elderly for improved or expanded social or nutrition services, and special emphasis on the rural elderly in area plans for outreach efforts to

identify and inform those eligible for assistance. In keeping with this intent:

— In fiscal 1978, AoA funded at least half a dozen research and development projects pertaining either exclusively or in part to rural areas. Several model projects concerning rural problems also have been funded, such as an effort by the Idaho Migrant Council to demonstrate how to reach elderly Mexican Americans who formerly were migrant and seasonal farmworkers and have now settled in rural Idaho.

• At least one-third of ACTION's 695 older American volunteer projects are in rural areas. The volunteers are serving in a wide variety of assignment. For example:

— In Wyoming, Foster Grandparents are serving in rural Headstart programs, day care centers, and elementary schools working with children with special needs.

— In East Prairie, Mo., RSVP Volunteers serve in rural schools where the average income of pupils and their families is $3,000. The volunteers assist with a heart scan service, work in a health unit, and help in nutrition classes.

— In rural Appalachian Ohio, Senior Companions assist the frail elderly with basic daily living activities, often providing the only service available to prevent their premature and unnecessary institutionalization.

• The Tennessee Valley Authority has identified areas where it can help fill gaps in existing State and Federal programs for the elderly and has launched a demonstration program with the seven State aging agencies in its region to:

— Supply each of the seven States with a van equipped to provide health checkups and health education information in isolated rural areas;

— Accelerate training of State aging personnel and senior citizen leaders to conduct residential energy management and conservation workshops.

— Build more than 30 warm room modules for senior citizens to determine whether low-income senior citizens will heat and live in only one room during the winter.

— Hire senior citizens to staff a program to produce free energy audits of homes using electric power.

— Increase aid to low-income citizens in growing vegetable gardens, by providing technical advice, seed, fertilizer, and other help.

— Consider the elderly in review of rate structures.

Native Americans

Native Americans, compared as a whole with other population groups in rural America, are the most disadvantaged by nearly every measure, ranging from income and quality of housing to educational attainment and health status. The following brief highlights of new or expanded initiatives on their behalf represent only a small sampling of the steps being taken to target more Federal resources to Native Americans. The initiatives of the Farmers Home Administration and other USDA agencies, as discussed in the two preceding chapters, should be noted as should the work of the Bureau of Indian Affairs. (A description of BIA's ongoing work was beyond the purpose or scope of this report, which is focusing on new initiatives.) It should also be noted that many of the other efforts discussed in the present chapter—for example, those directed to the poor whoever they are—will benefit Native Americans.

• HUD has increased its allocation of Community Development Grant funds to Indian tribes and Native American communities from an average of $13.8 million per year during fiscal 1975 through 1977 to a target of $31 million in fiscal 1980.

• The Department of Labor is establishing three additional Job Corps centers for Indian and Native Americans.

• CSA has reestablished an "Indian desk" that is expected to increase support of programs for rural Indians beyond recent small studies.

• In October 1977, the Secretary of Health, Education, and Welfare approved a new Indian initiative for HEW, based on recommendations by the Intra-Departmental Council on Indian Affairs. Included are a new effort to disseminate accurate information for and about Indian people and actions by each HEW agency to improve delivery of its service to Indians.

• HEW's Administration for Public Services has launched an Indian research and development initiative in collaboration with the Administration for Native Americans (ANA). This effort, initiated in September 1977, is designed to test alternative ways of improving the delivery of social and child welfare services to Indians. The focus of the four rural projects is on social services available under Titles XX

and IV-B of the Social Security Act. For example, the Standing Rock Sioux Tribe has a grant for a capacity building demonstration of Indian social service delivery and the Ute Mountain Ute Tribal Council is engaged in demonstrating improvement of State agency social service delivery to its people.

- Through a grant to Alu Like in fiscal 1978, the ANA established six satellite outreach and referral centers on Hawaii's outer, rural islands. These centers potentially serve 150,000 native Hawaiians through linkages with local and county resource agencies.
- All twelve of the Alaska regional corporations were funded by ANA in fiscal 1978, to improve their administrative and management systems, to enhance their capabilities to administer programs directed toward service delivery to approximately 60,000 Alaskan natives, and to enable them to provide linkages between other service and resource agencies.
- In fiscal 1977, the ANA developed a new policy for serving eastern Indian groups and tribes, under which it has funded eight rural, nonreservation Indian organizations for 3-year projects aimed at developing viable management and administrative systems, creating linkages with service agencies to ensure equitable treatment of Indians, and mobilizing other resources to serve the 18,500 members of their service populations.
- Through an interagency agreement with the Equal Employment Opportunity Commission, the ANA has initiated a Tribal Employment Rights project. Both financial and technical assistance has been provided to aid some 15 tribes in the establishment of Tribal Employment Rights offices which help to enforce Indian employment preference under contracts on and near reservations and to otherwise promote improved employment opportunities for their Indian service populations.

Improving Services

Health Care

Statistics reflect a high incidence of serious health problems among rural Americans, who also have access to fewer health care resources. The Administration has focused on rural health problems, as indicated earlier in this report. In addition to those efforts related to the White House rural initiatives, the following are examples of special HEW and Appalachian Regional Commission initiatives focusing on rural health:

- The Center for Disease Control has initiated a telephone lecture series to train laboratory technicians in rural hospitals, who otherwise would have little access to training courses owing to their isolation. Eleven cooperating networks are reaching more than 400 rural hospitals in 13 States. It is estimated that more than 25,000 students annually receive the handouts, hear the tapes, view the slides, and have an opportunity to ask questions of CDC scientists

over a live hookup to the Center at the conclusion of each lecture. Twenty-five or more new lectures are being added each year to provide an expanding choice emphasizing current laboratory subjects presented in a lecture-slide format.

- The Center for Disease Control also has provided evaluation assistance to the Ozark Regional Authority and the States of New York and Mississippi in the definition, by geographic area, of those rural subpopulations with a greater prevalence of specific health problems and in the description of the availability of health services to those subpopulations.

- HEW and the Appalachian Regional Commission have studied obstacles to providing quality health care in medically underserved areas of Central Appalachia and have reported their findings in a publication entitled Medical Indigency in Central Appalachia. In response to the findings, the ARC has recommended greater attention to special health problems of the medically indigent in rural areas.

- The Bureau of Medical Services has undertaken a 3-year demonstration project to develop and evaluate various methods of delivering burn care on a regional basis in rural as well as urban areas.

- The National Institute on Drug Abuse is preparing a report on its activities in relation to rural drug abuse. The report will address the nature and extent of drug abuse in rural areas, special needs and circumstances in rural areas, and recommendations to alleviate drug abuse.

- The National Institute on Alcohol Abuse and Alcoholism has awarded $35,000 to each of five rural Community Mental Health Centers' alcoholism treatment programs to identify problems in rural alcoholism service delivery at the local level. A methodology will be developed for researching problems common to the five programs.

- HEW has expanded the Community Health Center, Migrant Health Center, and Health Underserved Rural Areas programs to increase the number of rural people served by 60 percent. At least 40 percent of the service delivery capacity of the new Community Health Center projects will be devoted to rural areas under the program's extended authority.

- The Bureau of Community Health Services:

  — Increased Community Health Center program support for rural area projects by 40 percent during fiscal 1978;

  — Increased assignments of National Health Service Corps staff by more than 80 percent during fiscal 1978, to the point that 1,224 Corps members were serving rural communities by the end of the year. Rural assignment projections are 1,986 in fiscal 1979 and 2,671 in 1980.

- HEW is implementing the Rural Health Clinic Services Act, an initiative strongly supported by the Administration to bolster the economic viability of rural primary care centers by providing Medicaid and Medicare reimbursements for services performed by nurse practitioners and physician assistants in rural clinics.

Education

Rural residents continue to lag behind urban residents in the area of education, a factor that contributes to the persistence of higher poverty rates in rural areas. Education disadvantage also limits the ability of the most disadvantaged rural people to benefit from the growth of a wider range of job opportunities now occuring in rural America. Broad policy-level initiatives of HEW aimed at improving the Federal role in rural education are discussed below.

- HEW is launching a study of Federal aid to rural schools to look at how Federal education policy serves students in rural school districts. The first phase will focus on whether allocation formulas and competitive grant application requirements work to the disadvantage of rural districts. The second phase will concentrate on whether program regulations or administrative procedures at the Federal or State level create special problems for rural districts and whether rural districts have special needs that existing Federal or State programs fail to address. For the study, rural will be defined as any district in a nonmetropolitan county that does not contain a town with over 10,000 population.

- The Bureau of Elementary and Secondary Education has initiated a proposal to analyze data about the effects of Federal legislation and criteria on rural areas. A dialogue has been started with rural organizations such as the National Rural Center and with several Federal agencies, including the Department of Agriculture, to look at rural education problems and generate activities to address the apparent effects of rural underrepresentation in Office of Education programs.

- The National Institute of Education is supporting a study of the experience of major efforts to improve rural education, such as the Western States Small Schools Program, the Southern Appalachian Leadership Training Program, NIE's Experimental Schools

Program, and the Office of Education's Urban/Rural School Development Program. Funded through the education commissions of the States, the study will conclude in 1980.

• As part of NIE's study of vocational education, there will be an assessment of a number of issues related to rural areas, including funding patterns, the accessibility of programs, and correspondence between vocational educational programs, labor markets, and rural life skills. The study will include a historical analysis of the role of vocational education in rural areas and a comparison of the impact of Federal legislation in predominantly urban versus predominantly rural States.

• NIE is consulting with a variety of groups in designing studies related to issues such as citizen participation in rural schools, the impact of school finance formulas on rural education, and alternatives to the consolidation of rural schools.

Housing

Statistics on rural housing indicate a continuing problem of substandard housing in rural America, particularly afflicting the poor, minorities, and the elderly. To help deal with rural housing problems:

• HUD and DOL's Office of Youth Programs jointly sponsor the assignment of youths to Community Development Corporations to undertake housing rehabilitation, home repairs, and other neighborhood improvement programs. In fiscal 1978 and 1979 an estimated $2.3 million (out of the $8 million total project funding) was devoted to rural projects in Mississippi and Virginia.

• HUD has selected the State of North Carolina to receive a grant as part of a land title demonstration system. North Carolina will receive $354,000 to work with two rural counties, to be selected by the State as part of its balanced growth strategy. These counties will receive monies to develop model systems for recording land title information. Once instituted, these systems will save homeowners, housing developers, and all concerned with buying and selling land thousands of hours and many dollars currently required for title searchers. Reducing the problem of assuring clear title, along with simplifying the process of getting HUD assistance, will make housing more accessible and affordable to rural residents.

• HUD has also initiated various task forces and projects to address the housing problems of mountainous rural areas, primarily in Appalachia, including:

— A task group on eastern Kentucky's coalfield housing coordinated by HUD's Louisville Area Office whose objective is to design a housing strategy for eastern Kentucky; and

— The implementation of a new HUD/FmHA VA-approved "case method" septic tank percolation system for mountainous areas. HUD has issued a revision to its Minimum Property Standards for one and two family dwellings to be applicable in Kentucky that will permit the use of the case method of septic tank effluent disposal as an alternate to the method normally used.

• In addition, HUD is pursuing more general reforms with special implications for improved program delivery in rural America such as:

— Encouraging modest designs in subdivision development and housing construction to broaden the opportunities for better housing for moderate-income families; for example, encouraging that street paving, curbs, and sidewalks conform to local community standards.

— Coordinating the interagency development of uniform mortgage application, appraisal, and other forms as required by Section 905 of the Housing and Community Development Amendments of 1978—followup to the Paperwork Reduction Commission.

• CSA has undertaken a 3-year national program of rural home repair, designed to provide a model Federal program and demonstrate new approaches to the problems of rural low-income housing which can be copied by rural community organizations. The CSA financial commitment is anticipated to be $9 million, in support of 21 local projects aimed at the lowest income half of the poverty population. During the first year, the grantees performed substantial rehabilitation on 1,440 homes and mobilized approximately $5 million of non-CSA resources for their efforts. Supportive research and evaluation is being provided by Rural America to gauge the dimensions of the rural home repair problem, examine significant issues in the design of a Federal response to the problem, and study project experience as a basis for future program development.

Transportation

Transportation facilities and services are a major factor in combating isolation and improving the access of rural people to economic opportunities as well as needed public and private services such as health care. The Administration's concern about the problems of rural passenger transportation, particularly those afflicting the disadvantaged, were exemplified in January 1978 by introduction of a bill to provide for a unified transportation assistance program specifically for small urban and rural areas, to be administered by the States. The Department of Transportation developed and Congress enacted this comprehensive highway and mass transit legislation—the Surface Transportation Assistance Act of 1978.

Included in this new statute is authorization for increased funding for rural Federal-aid secondary system roads and a new program of continuing capital and operating assistance to local public transportation in rural and small urban areas.

The new law authorizes funding of State agencies for administration of the program and provision of technical assistance, including project planning, program development, management development, and research. The fiscal 1979 appropriation of $76.5 million for small urban and rural transit is apportioned to the States by a formula based on nonurbanized population. The Federal share of capital costs may be as much as 80 percent, while that for transit services operating costs may be up to 50 percent.

In addition to implementing these new programs and those initiatives led by the White House as discussed in chapter 3, Federal agencies are addressing rural transit needs through a range of other activities. A brief sampling of these follows:

• DOT has initiated a comprehensive study of the problem of rural road deficiencies and the need for improvements for different types of local rural road traffic, particularly the movement of bulk commodities by truck. An advisory team representing various interests in rural road problems has been formed to ensure that the study is directed toward relevant issues.

• The Rural Transportation Advisory Task Force, jointly chaired by the Secretaries of Transportation and Agriculture, and established by the Local Rail Service Assistance Act of 1978, represents the agricultural community, transportation industries, academia, and the legislative and executive branches of government. The task force will hold public hearings and issue specific recommendations for a railroad transportation system adequate to meet the essential needs of the agricultural sector. The legislation also makes certain rail branch lines that are not subject to abandonment eligible for rail service continuation assistance.

• In response to special needs of isolated rural families and disadvantaged population groups, HEW's Administration for Public Services has funded such projects as:

— The South Eastern Rural Arizona Satellite Diagnostic Service Centers demonstration, designed to make social services more accessible to individuals and families living long distances from social service agencies located in urban areas; and

— Two rural (Arkansas/$46,000 and Maryland/$75,000) and one mixed urban-rural (Michigan/$98,000) demonstration projects to show benefits from coordination of existing transportation services for transportation-disadvantaged groups. The Administration for Public Services has contracted for evaluation and technical assistance services, including onsite aid in planning, setting up, and implementing the projects.

Focusing on the Environment

Water Quality Protection and Conservation

Rural water quality has received increasing attention, reflecting its importance not only to rural America but also to urban communities adversely impacted by rural water pollution. Recent Federal actions include the following:

• As a result of cooperative efforts between USDA and EPA to lessen impacts on water quality from agricultural production, Section 208(j) was added to the Clean Water Act of 1977, to authorize cost-sharing assistance to rural landowners for establishment of nonpoint source water pollution control programs.

• EPA and USDA cooperatively:

— Have seven model implementation projects underway to improve water quality by controlling pollution of streams from agricultural sediment and nutrient and chemical run-off, while maintaining the productive capability of soil and water reserves.

— Will initiate an additional 12 to 15 projects in fiscal 1979 to assist farmers and ranchers in establishing best management practices which reduce or prevent pollution from agricultural activities.

• EPA is helping rural areas clean up lakes that have been affected by pollution, through the Clean Lakes grants program (authorized under Section 314 of the Clean Water Act). Enhancement of the lakes provides for greater public use of a valuable resource in many rural areas. Rural projects underway include the Cobbessee Watershed, Me.; Lake Broadway, S. C.; and White Clay, Wis.

• EPA is now authorized to make grants to correct problems in privately owned wastewater treatment facilities serving one or more principal residences and small communities, in residences constructed prior to December 27, 1977. Up to 4 percent of the

States' allocations for construction grants must be reserved for funding individual private systems in all States with a rural population of 25 percent or more. This provision is of special significance to rural areas and small towns. Urban States have the option of setting aside up to 4 percent of their allotments for this purpose.

• Other agencies are also involved in combating water pollution from agricultural land run-off. For example, the Old West Regional Commission (OWRC) has funded:

— Research and education in improving cropping practices and more favorable growing patterns to hold moisture in the soil. The OWRC developed a "No-till drill" capable of seeding into existing stubble to eliminate the danger of saline seeps.

— Development of criteria for optimizing use of limited water supplies, and energy supplies, for irrigation of corn and grain sorghum in the central Great Plains.

— Public education programs in water resource management, to improve public awareness and understanding of major factors involved in intelligent management of water resources.

• The Upper Great Lakes Regional Commission has funded demonstrations of two new wastewater treatment systems:

— A tertiary treatment system that purifies wastes by passing them through a peat bog is being monitored in Drummond, Wis., to determine its effectiveness and environmental impacts.

— A "mound system," which uses individual septic tanks linked by small diameter sewers to a common drainage mound, has begun operation in Westboro, Wis., and has received national attention.

• The Four Corners Regional Commission provided $15,000 to the Cortaro Water Users Association to investigate the possibilities of using wastewater from the City of Tuscon, Ariz., on croplands in the Cortaro-Morano Irrigation District as an alternative to continuation of discharge of the wastewater into the Santa Cruz River. The study revealed that the nitrate and sulfate pollution of the river by the wastewater could be stemmed by mixing the effluent with the existing irrigation water supply. Absolute loss of water from the area would be reduced and the gross incomes of the 53 members of the irrigation district would be increased. The increased productivity of the 20,700 acres involved would be of major economic importance to several small communities and would contribute significantly to Arizona's economy.

Protection of Agricultural Lands

Agricultural land conversion has significantly affected environmental quality and has diminished the Nation's croplands base. As an environmental resource, well-managed agricultural land (1) reduces runoff and aids in replenishing groundwater supplies by absorbing precipitation, (2) buffers environmentally sensitive areas, and (3) can be used for wastewater treatment through land treatment processes.

Of national significance is EPA's promulgation of an Agricultural Lands Protection Policy, which is aimed at retaining:

• Prime and unique farmland;
• Farmland of local and statewide importance;
• Farmlands in or contiguous to environmentally senstive areas; and
• Farmlands with significant capital investments in Best Management Practices.

This policy is intended to limit the adverse impacts that EPA's programs may have on farmland. EPA policy is to protect environmentally significant agricultural land from irreversible conversion due to actions such as:

• Location of sewage treatment plants and interceptor sewers;
• Rulings on where new sources of pollution may build; and
• Decisions on controls and use of pesticides.

EPA plans to implement this policy through:

• Consideration of agricultural land impacts in the preparation of new or revised regulations, standards, and guidance;
• Consideration of farmland protection in sewer project decisions;
• Inclusion of determinations of agricultural land impacts in environmental assessments and impact statements;
• Consideration of regional or local significance and economic value of farmland in enforcement actions;
• Identification of research needs in regard to the environmental roles of agricultural land;
• Pursuit of a public awareness program recognizing the environmental value of agricultural land;

- Technical assistance to support and encourage State and local government programs for agricultural land protection;
- Consideration of farmland protection alternatives in EPA permit actions subject to environmental impact review;
- Incorporation of State and locally recognized significant farmlands into EPA-required environmental plans and implementation approaches;
- Opportunities for review and comment on proposed EPA actions;
- Project reviews by EPA; and
- Intergovernmental coordination.

In another major step, the Chairman of the Council on Environmental Quality and the Secretary of Agriculture signed an agreement on June 14, 1979, whereby seven USDA agencies will transfer $2 million to the CEQ to assist with a National Agricultural Lands Study. Under the co-chairmanship of the USDA Secretary and the CEQ Chairman, the study will determine and evaluate:

- The quantity, quality, location, and ownership of the Nation's agricultural lands.
- The impacts of industrial, urban, transportation, and energy development, and other competing land uses on the future availability of agricultural lands and on related agricultural services;
- The urban effects of agricultural land rentention;
- The effects of Federal and State programs, policies, laws, and regulations on agricultural land;
- The impacts of agricultural land losses on the Nation's capacity to meet future domestic demand for food, fiber, and energy;
- The impacts of agricultural land losses on the Nation's capacity to develop future foreign policies relating to international trade and humanitarian assistance.
- The economic, social, and environmental effects of converting additional lands to agricultural use;
- The economic, social, and environmental effects of alternative methods for preventing or retarding the conversion of agricultural lands to other uses;
- Techniques and methods for maintaining agricultural land availability;
- The relative roles of the private sector and local, State, and Federal governments in implementing methods for retaining agricultural lands.
- Ways in which Federal programs and activities might be made more consistent with the objective of retaining prime agricultural lands and with local and State programs designed to meet that objective.

Focusing on Energy

The Administration is acutely aware of the interrelationships between rural employment, economic development, and energy costs. Conservation and efficient utilization of energy, development of alternative energy sources, and conversion to less-expensive, more abundant fuels are increasingly important concerns of a number of agencies. For example:

- The ARC has funded several demonstrations of the use of wood as a low-cost alternative source of energy. Under these grants:

  — TVA and Maryville College (Tennessee) are demonstrating pyrolysis of wood for heating fuel and gas.

  — Georgia's forestry commission is supplying heat to a hospital with a wood gasification plant.

  — North Carolina's energy department is establishing a timber development organization to help with wood-energy programs.

- EDA has provided funds to economic development districts to support development and incorporation of energy-related factors into their long-range development planning and to employ energy specialists to help local governments and businesses reduce their energy costs through reduced consumption and new technology. EDA will review the results with a view to how energy-related initiatives might be incorporated into areawide economic development efforts. As examples of these projects:

  — Three economic development districts in Georgia report savings of 20 percent in energy use and costs as a direct result of energy audits of public buildings, including schools. Also, local governments there have initiated cost-effective energy programs to strengthen their industrial job development activities.

  — The Arrowhead Regional Development Commission (Minnesota) is reviewing energy impact issues and considering alternative sources of energy, such as wood and wood chips, for public buildings and industrial application.

  — The South Western Oklahoma Development Authority has been given EDA funds to support an energy information network designed to provide energy conservation data from economic development district studies and projects.

- The Four Corners Regional Commission has

provided continuation funding of $136,722 to the Colorado Energy Research Institute for research and demonstration of the technical and economic feasibility of energy production from agricultural waste resources. If these feasibility studies prove promising, a $14 million plant would be constructed to turn feedlot waste into methane gas in sufficient quantity to meet 40 percent of the power needs of the City of Lamar, Colo. (population 7,800). This project represents both an important alternative source of energy and a potential for economic development for a number of rural communities.

- The Appalachian Regional Commission has:

— Initiated coal mine labor-management relations demonstrations in rural Kentucky, Pennsylvania, and West Virginia, to deal with a major impediment to production of Appalachian coal. Members of both labor and management will receive training at mine sites aimed at improving communication and grievance settlement, and thus the stability of local economies dependent upon the coal mining industry.

— Established a policy advisory council on energy that has recommended an 11-point energy policy recognizing the importance of Appalachian coal and renewable energy resources, the need to protect the environment and mining area residents, and the need to provide roads, housing, schools, and other community facilities, services, and programs needed by the population affected by energy development.

— Held four seminars on coal mining productivity and the impact of Appalachian mining communities on productivity, plus seven followup seminars on land acquisition for miners' housing in central Appalachia, environmental health, and other issues. The results will be reported to the President's Commission on the Coal Industry.

- The Ozarks Regional Commission has organized a lignite task force and, in conjunction with the Department of Energy, is funding technical assistance to small rural communities in Arkansas and Louisiana that will be impacted by mining and shipping of lignite.

Rising energy costs for home heating and cooling are rapidly escalating the cost of housing in rural America. The most serious impact of such increasing costs is felt by low-income families, who are least able to meet such costs without sacrificing satisfaction of other pressing needs. Development of lower cost energy systems and more energy efficient housing is an essential priority. To this end:

- The Southwest Border Regional Commission

has provided $400,000 to the New Mexico Solar Energy Institute for a cooperative effort among the solar energy offices of the four border States to demonstrate the use of solar energy and conservation techniques to upgrade existing low-income housing units.

• Consistent with its substantial involvement in energy programing for the poor, the Community Services Administration has developed and published a CSA Solar Energy Policy, an important element of which is rural solar development to reduce dependence on expensive fossil fuels and conventional centralized power sources. CSA will support a major effort in rural areas to develop and demonstrate low-cost dispersed energy generation systems, using technologies appropriate to the needs and resources of the rural poor, and concentrating on solar space and water heating, biomass conversion, and small-scale hydro and wind power. In line with its policy, CSA has funded:

— Efforts to link appropriate technologies with the energy problems of the poor;

— A low-head hydro study to determine the potential for small hydro development; and

— A project to develop methane disgesters for use in small farm settings.

Focusing on Agriculture

The importance of agriculture in rural economic development in being focused on in a number of new initiatives of the regional commissions. For example:

• The Old West Regional Commission has funded a variety of projects including:

— Development of AGNET, a computer-based system at the University of Nebraska which contains nearly 100 decision models permitting farmers and ranchers to make informed management judgments on all phases of their operations. The system has spread throughout the five-State region.

— Demonstration to the region's farmers that benefits can be derived from minimum tillage farming, with emphasis on fuel savings, machinery depreciation, soil structure and tilth, wind and water erosion, and economic benefits.

— Determination of the economic feasibility of producing specialty cheeses in Montana.

• The Four Corners Regional Commission has awarded $118,975 to the University of Arizona to demonstrate guayule as a cash crop.

• The Southwest Border Regional Commission has awarded $109,496 to the Texas A&M Research Foundation to establish experimental plots for furthering development of guayule as a viable rubber crop in the Southwest.

• The Coastal Plains Regional Commission has provided $150,000 to assist in the establishment of the South Carolina Agri-Development Cooperative, which will serve minority farmers with a vegetable processing and packaging facility in Orangeburg, S. C. Other recent Coastal Plains initiatives include:

— A grant of $72,000 to Columbia County, Fla., for the development of a farmers market and cannery to serve small farmers in the area who do not have access to other marketing and processing facilties.

— A grant of $351,000 to the Virginia Department of Agriculture and Commerce, to support engineering design and site engineering of a large-scale cattle finishing, slaughtering, and marketing facility, as well as training of management and production supervisory personnel. Construction funds provided by private sources total over $8 million.

Working With Rural Communities

A major problem for many rural communities is their lack of institutional capacity to deal with the complexities of the intergovernmental system and the multiplicity of Federal programs and associated regulations. Not only is the Administration working to simplify the system and consolidate program requirements and processes, it is also searching for improved ways to help rural communities deal with their development needs in a more constructive fashion. For example:

• In February 1979, HUD completed a major study of small city development needs based on a mail survey of almost 2,000 small city chief executives, 48 intensive community case studies, and 17 group meetings with city officials held in every part of the country to discuss development needs and how the Federal Government might best help small cities meet them. (The study report is available through HUD's Office of Policy Development and Research.)

• HUD has increased its rural research activities in fiscal 1979 from approximately 8 percent to 12 percent and has been working with the Farmers Home Administration to jointly develop a rural agenda of issues and projects. Current projects include a major evaluation of Section 8 low-rent housing assistance in rural areas, a rural housing needs assessment, an analysis of rural credit supply and demand, a rural segment in the research series "How Well Are We Housed," and a land title recordation project.

• In order to assure accurate data on rural housing conditions, the Annual Housing Survey has been revised to use a double sample in rural areas to increase statistical reliability. Further, special questions have been added to the survey to determine conditions which are unique to rural areas.

• HUD has provided funds to increase the number of rural housing counseling agencies and strengthen existing agencies. The Department has also increased its allocation of comprehensive planning assistance (Section 701) funds to nonmetropolitan jurisdictions from 13 percent in fiscal 1977 to 19 percent in 1979.

• In January 1978, the Secretary of Housing and Urban Development established a Task Force on Rural and Nonmetropolitan America and directed it to recommend concrete steps for:

— Increasing and improving the use of HUD resources in rural areas;

— Eliminating unnecessary overlap with other agencies;

— Reducing the cost and administrative burden of operating HUD programs;

— Assessing rural and nonmetropolitan needs to assure an adequate allocation of HUD resources;

— Providing technical and planning assistance; and

— Promoting alternative delivery mechanisms where necessary to improve program effectiveness.

The task force report has been circulated widely and in response to its recommendations, the Department has established an internal rural coordinating group and has undertaken a range of specific program initiatives, including the 2-year rural assistance initiatives in two demonstration States (North Carolina and Washington) discussed in chapter 3.

An additional step that should help rural communities and smaller cities is the June 8, 1979, change in HUD's Urban Development Action Grant requirements, whereby cities with populations of less than

2,500 will no longer have to provide proof that they can fulfill all provisions of a UDAG in order to be able to obtain a grant. Only the standards set for all cities with populations of less than 25,000 will apply.

• The Commerce Department's Economic Development Administration, which provides planning grants to over 200 predominantly nonmetropolitan economic development districts, has provided funds to:

— The National Education Institute for Economic Development, to support the planning of its prospective training, technical assistance, and research efforts to help regional planning organization staff and board members improve their technical capabilities in program administration, economic analysis, and formulation of development options.

— 14 economic development district agencies, to support their participation in a demonstration designed to help EDA-funded entities improve their effectiveness by better organizing the investment of their own and other resources in priority terms which link long-range planning and strategy implementation. Statutory economic development programs are basic to this comprehensive economic development strategy process. However, such programs will be refined by the new strategy action plans, which will allow EDA to negotiate an implementation agreement with the economic development district and target its funds for places on a longer term basis than previously.

— Eight economic development district agencies, to establish revolving loan funds from which they can make loans on projects designed to improve employment opportunities.

— The Delta Foundation, to establish a "capital access center" in support of needed economic development planning and projects and private business finance for a 14-county area in Mississippi.

— At least 30 new interlocal economic development district organizations, to help them develop a capability for economic development planning.

— Existing economic development district agencies, to help them provide specific economic develop services to local governments within their jurisdiction.

• EDA, CSA, the Office of Minority Business Enterprise (Commerce), and HUD have provided funds for preparation of a Handbook for Urban/Rural Economic Development Planning and Implementation. The purpose is to assist local organizations in applying methods and techniques for describing and

analyzing subregional economies, defining and assessing critical economic issues, selecting economic development projects, developing business venture packages, and monitoring and evaluating project impacts.

- EDA and the Center for Census Use Studies are preparing a Handbook for District Planners, which will provide explanations and directions for data use.

In the area of community-level economic adjustment to major changes in Defense programs, the President has issued Executive Order 12049. This permits the early identification of the most effective development strategy and action plan, early formulation of a preliminary reuse plan for any potential surplus property, and a forecast of the necessary adjustment resources prior to potential realignment decisions.

The President's Economic Adjustment Committee completed several effective rural community economic adjustment programs in 1978, including those in:

- **Chippewa County, Mich.,** where the closure of Kincheloe AFB near Sault Ste. Marie in the Upper Peninsula affected a region with existing substantial and persistent unemployment (1977 unemployment rate of 18 percent). Chippewa County and Sault Ste. Marie have converted the former air base to a new regional airport capable of handling large commercial jets. The community has attracted six new firms and 300 civilian jobs to the former base. The State has also established a 625-inmate prison (Kimross) at the former base using available barracks facilities, creating another 250 jobs. All of the buildings and facilities at the former base have been fully reused. The region has generally offset the economic dislocation within an 18-month period.
- **Langdon, N. Dak.,** where the closure of the Nation's single anti-ballistic missile defense system had a serious impact on the rural areas in Cavalier and Pembena Counties, N. Dak. But the communities have been successful in the reuse of the former ABM support complex for a Young Adult Conservation Corps facility serving the entire State of North Dakota. There are currently 35 civilian employees and 250 young adult enrollees at the Langdon site. Through the cooperation of USDA, the Department of the Army was also able to reduce the communities' indebtedness for sewer and water services resulting from the ABM closure.
- **Big Spring, Tex.,** where Big Spring and Howard County were able to secure effective civilian reuse of the former Webb AFB in record time. Big Spring had 24 firms on the former base with over 300 new employees as of early 1979. A minimum security prison is also being established at the base. Total civilian employment, retail sales, and bank deposits have set new records in Big Spring.

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